FRANCHISE DISCLOSURE DOCUMENT

Showhomes Franchise Corporation
a Georgia corporation
2110 Blair Boulevard
Nashville, TN 37212
(615) 292-0892
www.showhomes.com
www.showhomesfranchise.com

A Showhomes Business provides services designed to help owners of both vacant and occupied homes enhance the beauty and potential sale of their homes, such as home management, staging, makeovers, decorating, interior updating, and the sale of furniture, artwork and accessories. The estimated initial investment required to begin operation of a Showhomes Business ranges from $77,400 - $119,500. This includes $49,900 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Christie Crawford at 2110 Blair Boulevard, Nashville, TN 37212, (863) 398-4010, ccrawford@showhomes.com.

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

Date of Issuance: May 5, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spousal Guarantee.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

MICHIGAN NOTICE

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 against you joining an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits us to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:

(i) The term of the franchise is less than five years; and

(ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of our intent not to renew the franchise.

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

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

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

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

(ii) The fact that the proposed transferee is a competitor of ours.

(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 us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Antitrust and Franchise Unit, 670 Law Building, Lansing, Michigan 48913 (517) 373-7117.

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STATE SPECIFIC ADDENDA

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

The Franchisor and any Parents, Predecessors, and Affiliates

The franchisor is Showhomes Franchise Corporation, referred to in this Franchise Disclosure Document as "we," "us," or "our." We refer to the person interested in buying the franchise as "you" or "your." If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These are addressed in this Franchise Disclosure Document where appropriate. We are a Georgia corporation incorporated on May 20, 1994. We maintain our principal place of business at 2110 Blair Boulevard, Nashville, TN 37212.

We do business under our corporate name and under the "Showhomes" service mark and trade name and the other marks identified in Item 13 (the "Marks"). Our agents for service of process are listed in Exhibit E.

We began offering franchises for Showhomes Businesses ("Showhomes Businesses" or the "Franchised Business") in September 1994. We have not offered franchises in any other line of business and we do not engage in any other business activity.

Our parent, Showhomes Holding, Inc. ("SHI") acquired us in December 2011 from Showhomes Management, LLC ("Showhomes Management"). Showhomes Management continues to own the Marks and licenses us the right to use them and to sublicense them to our franchisees (see Item 13). SHI and Showhomes Management share our principal business address.

Neither we, SHI nor Showhomes Management have previously conducted a business like the one being offered. Two of our former owners and a sublicensee of one of them operate one Showhomes Business each in Oklahoma, Georgia, and Texas under royalty-free trademark license agreements. Neither Showhomes Management nor SHI has ever offered franchises in this or any other line of business.

Other than as described above, we have no other parents, predecessors or affiliates required to be disclosed in this Item 1.

Description of Franchise

We offer qualified applicants franchises for Showhomes Businesses which provide services for residential real estate properties ("Properties"). The Showhomes Business specializes in helping accelerate the sale of higher end residential Properties by delivering residential decoration, staging, restyle, cosmetic home updating-remodeling, furnishing and other products and services ("Staging Services") and recruiting and placing Home Managers ("Home Managers") who maintain, furnish, and live in the Properties ("Home Management Services"). The Showhomes Business also provides services to owners of occupied Properties for home restyle, cosmetic home updating-remodeling, and makeover and interior updating services for vacant and occupied homes (the "ReStyle and Updating Services"). The Staging Services, Home Management Services and ReStyle and Updating Services are referred to collectively as "Services."

If you provide Staging Services, you will provide consultations, ReStyle, decorate, stage, provide home update services, and/or furnish a Property for sale.

If you provide Home Management Services, you will contract with Home Managers to live at the Property. Home Managers benefit from residing in Properties that are larger, better located, and better appointed than those they could rent for the same amount that they pay in Home Manager fees. In exchange, the Home Managers must furnish and maintain the Property as though it was a model Property or "Showhome." Home Managers may also be required to pay for some or all of the Property's utilities and services.

You may earn revenue for Home Management Services from three sources: (1) fees paid by Home Managers for the right to participate in our program; which typically include an initial fee and ongoing monthly fees; (2) fees paid by homeowners, which may include certain one-time fees, monthly fees earned for continued staging, a success fee earned when the Property sells, home updating services, and certain other fees earned in special circumstances; and (3) sale or lease of furniture to Home Managers, builders and other customers. Home Managers and homeowners pay all fees directly to you. The types and amount of fees earned in each transaction may depend on the particular Services delivered, local market conditions, your negotiating ability, and the results achieved by the Services provided.

You will earn income for Staging Services from the homeowners, which may include certain one-time fees, monthly fees for continued staging, a fee when the Property sells, and certain other fees earned in special circumstances.

You will earn income from ReStyle and Updating Services from the homeowners from the sale of services and goods associated with the redecorating, remodeling and updating of homes. These Services include home painting, flooring replacement, window treatments, kitchen cabinet replacement, counter replacements, and other services and goods. You will often work with third party contractors to provide Service to customers.

The types and amount of fees earned in each transaction may depend on the particular Services delivered, local market conditions, your negotiating ability, and the results achieved by the Services provided.

In your Franchise Agreement, you will be assigned a specific geographic area ("Territory") in which you may operate your Showhomes Business. You must operate the Showhomes Business from a location that meets the requirements stated in our Manuals and that is approved by us ("Office"). The Office may be a home office. Our standard form of Franchise Agreement is included in this Franchise Disclosure Document as Exhibit B. You must sign a separate Franchise Agreement for each Territory.

Showhomes Businesses are established and operated under a business system (the "System") that includes distinctive signage; uniform standards, specifications, and procedures for soliciting, qualifying and placing Home Managers and for ReStyling or staging Properties; quality and uniformity of the products and services offered; management and financial controls; training and assistance; marketing, advertising, and promotional programs; furniture sales and rentals; and proprietary systems for collecting, managing, and utilizing essential business information and data. The System is more fully described in our Manuals and other written directives and materials that we provide to Showhomes franchisees.

We offer a franchisee referral program to existing franchisees in good standing. Under this program, the existing franchisee receives a referral bonus for each new qualified franchisee referred to us, if the prospective franchisee purchases a Showhomes Business. The prospect must be a lead generated by the existing franchisee and may not be a prospective franchisee who has contacted us in the past. Certain other conditions apply.

Competition

The market for Services is primarily comprised of individuals and companies that own Properties listed for sale. Customers are typically private homeowners and builders, and may also include financial institutions, relocation companies, companies with employee relocation programs, asset management companies, and real estate companies.

You must compete against businesses offering services similar to those that you will be offering on a local, regional, and national basis. The competition for customers varies significantly from market to market and from time to time. We believe that the overall level of competition is increasing. You must assess and understand the competition present in your market. Generally, we believe our competitive

position is enhanced by our national presence, length of experience, operational format, and the breadth of services we offer.

Industry Regulation

In addition to laws that regulate operation of businesses generally, there are five specific areas of law that may impact your operations, so you should consider them carefully. These are laws and regulations applying to (1) landlord–tenant relationships, (2) provision of property management services, (3) discrimination in access to housing, (4) contractor licensing, and (5) state and/or local laws regarding sales tax on different services.

We generally treat Home Managers not as tenants, but as independent contractors who are engaged to maintain the Properties they occupy. Home Managers pay a monthly fee for the right to participate in our program that is substantially less than the rent that a landlord would charge a tenant for a similar property. We will provide you with a form of Home Management Services Agreement to be entered into between you and a Home Manager. It is your responsibility to have the form reviewed for compliance with applicable state and local law. If a Home Manager is treated as a tenant under state law, the Home Manager may be entitled to certain notices and additional rights that may permit the Home Manager to remain in possession of the Property until removed under applicable statutory procedures. This may affect your ability to require a Home Manager to vacate a Property when it is sold. State laws differ on whether someone may be classified as an independent contractor or an employee, and it is your sole responsibility to consult with your attorney to determine the proper classification for your Showhomes Business.

The Services we offer are distinct from traditional property management services, where an agent manages rental properties and collects rent on behalf of owners. Regulatory authorities in several states have reviewed the Showhomes Business format, however, and reached differing conclusions as to whether Showhomes Businesses operating in that state must comply with state regulations pertaining to licensing of real estate brokers and sales or rental agents (including Arizona, Arkansas, California, Minnesota, Ohio and Oklahoma). We cannot predict what regulators in other states may determine. In any event, access to local multiple listing service systems, home office lock box keys, and membership in a local board of realtors are essential to you in developing the Showhomes Business. For these reasons, we require that you hire or affiliate with a licensed real estate broker or agent if you do not hold one of these designations. It is possible that regulators in your state may determine that you or your personnel may be subject to additional education and licensing requirements.

You may need to obtain a contractor's license for your ReStyle and Updating Services.

Various federal, state, and local laws, rules and ordinances prohibit discrimination in access to housing based on race, sex, religion, age, family status, sexual orientation, and other classifications. You must comply with these laws as they apply.

Some states maintain that some or all of the Services are subject to sales tax.

ITEM 2
BUSINESS EXPERIENCE

Chairman and CEO: Bert Lyles

Mr. Lyles has served as our CEO and Chairman of our Board of Directors since April 2004. Since 1991, Mr. Lyles has owned and operated Cumberland Real Estate Services, Inc., a real estate and private equity investment company based in Nashville, Tennessee, with a portfolio that includes eleven retail and office properties, and 288 multi-family units in several states.

Chief Operating Officer: Matt Kelton

Mr. Kelton has served as our Chief Operating Officer since March 2007.

ITEM 3
LITIGATION

Concluded Litigation:

Ivan Pokusa and Silvie Pokusa v. Showhomes Franchise Corporation. (Third Judicial District of Summit County Utah, Case No. 150500047). In February 2015, Ivan Pokusa and Silvie Pokusa (the "Pokusas"), a Showhomes® franchisee based in Park City, Utah, brought suit against us alleging fraud and negligent misrepresentation arising out the Pokusas' acquisition of their Showhomes® franchise business from a former franchisee transferring the business to them. The Pokusas sought rescission of their agreements with us, damages in the amount of the purchase price and transfer fee paid by them, and punitive and exemplary damages. In March 2015, we settled the case with the Pokusas. Under the terms of the settlement agreement, the Pokusas and we agreed to terminate the Franchise Agreement, including each party's rights and obligations thereunder, in exchange for the Pokusas' cessation of the use of the Marks going forward and each party's agreement to a general release of claims. Additionally, we retained the right to seek indemnification claims against the Pokusas.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item 4.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an Initial Franchise Fee of $49,900 when you sign the Franchise Agreement. Each additional territory is $44,900 per Territory. In certain situations, we may grant a franchise for an area larger or smaller than our standard Territory (as described in Item 12). In these situations, the Initial Franchise Fee will be calculated on a pro-rata basis, according to the size of the Territory. The Initial Franchise Fee is nonrefundable. Financing for a portion of the Initial Franchise Fee may be available. See Item 10. During our last fiscal year, we received Initial Franchise Fees ranging from $49,900 to $58,199 per Territory.

Discounted Initial Franchise Fees

As a member of the International Franchise Association's VetFran program and to support veterans of the United States military, we offer, to qualifying veterans, a $2,500 discount on the Initial Franchise Fee. The discount is available to veterans who have received a discharge (other than dishonorable) as well as active duty personnel. If the franchise will be operated as a partnership, corporation, or limited liability company, the veteran participant must maintain at least a 51% ownership interest.

Financing

In certain circumstances, we may offer financing to qualified individuals, as described in Item 10.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty	Greater of 10% of Gross Sales(Note 2), or the Minimum Royalty, which is calculated as $700 per Territory per month (Note 1)	On or before the 5th day of the month for preceding month's Gross Sales.	See Note 2 for definition of Gross Sales. Royalties must be paid to us by electronic funds transfer. Currently, if you begin operations in an undeveloped Territory, for the first 12 months of operation, you must pay the Royalty but we will not enforce the Minimum Royalty.
National Ad Fund	Currently, greater of 2% of Gross Sales or a minimum contribution of $140 per Territory per month.	On or before the 5th day of the month for preceding month's Gross Sales.	We can increase the percentage contribution to up to 4% of Gross Sales. See Item 11 for more information about the National Ad Fund. Currently, if you begin operations in an undeveloped Territory, for the first 12 months of operation, you must pay the National Ad Fund contribution but we will not enforce the minimum contribution.
Minimum Individual Marketing and Advertising Expenditure	$15,000 in your first year of operations; $20,000 in your second year of operations; and $25,000 in your third year of operations and during each subsequent year	Minimum amount must be spent during each year of operations	If you do not spend the minimum individual marketing and advertising Expenditure (the "Minimum Individual Marketing and Advertising Expenditure") in any given year of operations, then you must contribute the difference between the amount spent and the amount you should have spent during the year to our National Ad Fund. This Minimum Individual Marketing and Advertising Expenditure includes a wide range of marketing/advertising activities described in our Operations Manual.
Supplementary Training	Our standard rates, currently ranging from $200 to $300 per trainee per day.	Before training.	We will initially train your Managing Principal and two other employees without charge. We currently allow you and your employees to attend additional training free of charge on a space available basis. The fee applies only to additional training provided. You must pay for all of our travel, lodging, meals, and your employee wages. See Items 7, 11 and Note 5.
Supplier Evaluation and Approval Fee	Cost of evaluation.	When billed.	If you ask to approve an alternative product or supplier, we may require you to pay for the cost of evaluation. We have not charged this fee in the past. We currently require supplier approval only for marketing and advertising materials and bookkeeping services. See Item 8.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Transfer Fee	$7,500 per Territory or any greater amount necessary to reimburse us for our associated costs.	$1,500, which is non-refundable, is due with your notice of proposed transfer; remainder due on completion of transfer.	If you transfer your rights to a corporation or limited liability company owned by the same interest holders, the transfer fee is the greater of: $750 or our costs.
Renewal Fee	$5,000 per Territory or any greater amount necessary to reimburse us for our expenses.	On signing renewal Franchise Agreement.	See Item 17. The fee is waived if you sign our then-current form of franchise agreement without changes or requests for changes.
Audit Fee	Cost of audit.	When billed.	Payable only if you have understated any amount owed to us by at least 2%.
Interest	Lesser of 18% or highest legal rate of interest.	On demand.	Payable on all overdue amounts.
Late fees	Greater of $250 or 10% of overdue amount.	On demand.	Payable on all overdue amounts or on overdue reporting
Material Complaint	$250 per Material Complaint	On demand.	If you receive more than three Material Complaints in any calendar year, we may charge you $250 for each additional Material Complaint received thereafter during the term of the Franchise Agreement, which fee is intended to defray our expenses in assisting with handling of such complaints. See Note 3.
National Account Fee	Not established, but if introduced we estimate that fees will average approximately $500 per Property.	When you receive your first revenue associated with the Property.	If you have referred the National Account to us under the terms of the National Account Program, you may be exempted from paying the fee. See Note 4.
Mandatory Insurance Program	Currently, the general liability and property damage insurance coverage is calculated as 2.523% for home managed homes and .914% for non-home managed homes based on Gross Sales for each.	Payable monthly when billed.	See Note 5
Liquidated Damages	If you breach any non-competition covenants, the greater of: 1) the monthly Minimum Royalty and Advertising Fee through the end of the term times 24; or 2) the average monthly Royalty and Advertising Fee for the past 18 months times 24. $50,000 if you breach the confidentiality provision.	On demand.	
Indemnification	Varies according to loss	On demand.	You must indemnify us when your actions result in loss to us. See Item 9.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Technology Fee	Currently $0.	When billed.	We may charge a Technology Fee in the future. See Note 6 and Item 11.
Non-Compliance Fee	Up to $500 per occurrence.	On demand.	In addition to other rights we have under the Franchise Agreement, if you fail to comply on a timely basis with certain obligations, you may be charged a fee as described in the Manuals.
Annual Conference	Currently, $1,500-$3,500 per year.	As incurred	You are required to attend the Annual Conference at a location we designate. Your estimated costs to attend for your travel, supplemental food, and incidentals are $600-$1,200.
Out of Territory Fee – Unoccupied Territory	Currently, 7% of Gross Sales on the out-of-territory business, in addition to Royalty due on Gross Sales on the out-of-territory business	Fee is due after initial revenue commences.	Although the Franchise Agreement prohibits the conduct of any business outside your territory, our current policy is to allow certain additional outside Properties to be serviced in territories not currently serviced by other Showhomes® businesses subject to our prior written approval and payment of the out-of-territory fee, as described in the Manuals. We may revoke or change this policy at any time.
Out of Territory Damages – Occupied Territory	Currently 30% of Gross Sales paid to other franchisee, in addition to the Royalty and other fees owed to us	As incurred	You are never allowed to operate any business in the territory of another franchisee. In addition to our right to terminate the Franchise Agreement, you will also owe compensation to the franchisee whose territory you infringed upon based upon our then-current territory infringement guidelines and you will owe us a Royalty and other amounts due on such Gross Sales.
Franchise Re-Sale Assistance Fee	50% of the then current Initial Franchise Fee, plus reimbursement of broker fees (if one is used)	As incurred	We currently offer a resale assistance program where we identify potential buyers for your Franchised Business. If you elect to participate in the program, when you sell the Franchised Business, you must reimburse us for all broker fees and pay us 50% of our then-current Initial Franchise Fee. These fees are in addition to the Transfer Fee.

1) All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, all fees and expenses are uniformly imposed by, and are payable to, us. The amounts listed may be subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. We anticipate that we may implement a Technology Fee of approximately $50 to $100 per month to help cover the cost of our web-based database and additional services. Otherwise we currently have no plans to increase payments over which we have control. "Minimum Royalty" means the minimum monthly Royalty that you are required to pay us, regardless of your Gross Sales, as stated in Attachment F of the Franchise Agreement. A typical Territory will have approximately 25,000 to 30,000 owner-occupied Properties valued at or more than a minimum level appropriate for your market (generally the top 25% in value of your MSA (Metropolitan Statistical Area) owner-occupied housing). If your Territory is larger or smaller than a typical territory, your minimum Royalty Fee may be more or less than $700 per month.

2) "Gross Sales" means the total selling price of all services and products and all revenue of every other kind and nature related to your Franchised Business, without offset of any kind, (including, Home Manager fees, administrative fees, homeowner fees, move-out inspection fees, application fees, referral fees, delivery or pickup fees, revenue from the sale or lease of any furniture, accessories or other goods, revenue from the sale of restyle, cosmetic home updating-remodeling, decorating, makeover, updating, staging, photography or other services, and any other revenue related to the Franchised Business). Gross Sales also include the full cash fair market value of any of the above that you sell in exchange for other goods or services, whether to a third party or to one of your employees and also includes discounts extended in any non-arms' length transaction. Gross Sales does not include sales, excise, or duty taxes assessed by any governmental authority based on sales by the Franchised Business which you collect from customers and transmit to the appropriate taxing authority; returns to shippers or manufacturers. We may authorize other items to be excluded from Gross Sales in the future, but if we do, we retain the right to revoke or withdraw the authorization at any time. Currently, for ReStyle and Updating Services only, we charge a Royalty and National Ad Fund contribution based on Gross Sales less the cost of goods sold to Property owners for ReStyle and Updating Services provided you provide us with proof of cost of goods sold in a form we require, as described in the Manuals. Upon written notice to you, we may charge you a Royalty and National Ad Fund contribution based on Gross Sales (without any deduction for cost of goods sole).

3) A "Material Complaint" includes: (i) safety or health violations, (ii) claims alleging discrimination based on race, gender, national origin, religion, sexual orientation, family status, or any other protected class under federal, state, or local law, (iii) claims exceeding $1,000, and (iv) any other material claims against or losses suffered by you.

4) If we provide you a Property listing associated with a National Account, you must pay a one-time fee if you provide services to that Property. We may change the amount of the National Account fee in the future.

5) Following opening, you must obtain comprehensive general liability and property damage insurance coverage from us under our mandatory insurance program. The amount is subject to change based on our insurance carrier's rates. All amounts we receive as a result of franchisees' participation in the program are paid to the insurance carrier, less an administrative fee (currently $7,500 per year). We may terminate this program at any time.

6) Certain commercial software and our proprietary software and web-based database are mandatory. We expect the nature of required computer software to change periodically, and we have the right to require that you use other software as we deem necessary. In the future, we may charge a fee for any enhancements or upgrades to our proprietary software or web-based database whether or not we provide the installation, and for email, website, and blog-related services, and other technology tools and systems we provide. (See Items 7 and 11.)

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$49,900	Lump Sum	Upon signing the Franchise Agreement	Us
Travel, Lodging and Meals for Initial Training (2)	$0 - $3,000	Lump Sum	During Training	Vendors
Rent – Office (3)	$0 - $1,500	Lump Sum	Before opening	Landlord and Utility Providers
Rent – Storage and/or Warehouse (4)	$600 - $1,500	Lump Sum	After Training	Landlord and Utility Providers
Opening Advertising, Marketing and Promotion (5)	$5,000	Cash	As incurred	Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Staging and Design Inventory (6)	$10,000 - $20,000	As Incurred	Before opening	Vendors
Office Equipment, Supplies and Optional Equipment (7)	$1,000 - $2,500	Lump Sum	Before Opening	Vendors
Insurance (8)	$150 - $600	As Incurred	Before Opening	Vendors
Required Licenses and Permits (9)	$250 - $2,000	As Incurred	Before Opening	Authorities
Professional Fees and Deposits (10)	$500 - $3,500	As Incurred	Before Opening	Attorney, Accountant, Other Third Parties
Additional Funds for the first 90 days (11)	$10,000 - $30,000	As Incurred	After Opening	Vendors, Employees, Us, Landlord and Utilities
TOTAL (12)	$77,400 - $119,500			

1) The Initial Franchise Fee is $49,900 for one Territory. Each additional unit of territory is $44,900. The Initial Franchise Fee is nonrefundable. See Item 5. The Finance Fee is charged only if we provide financing for a portion of your Initial Franchise Fee. See Item 10.

2) These estimates include only your out-of-pocket costs associated with the training of your Managing Principal and one other employee. These costs will vary depending on your selection of lodging and dining facilities and mode and distance of transportation. If you ask us to train an additional or replacement personnel, we may charge you an additional fee for that training. Classroom training is held at our corporate headquarters, and other Showhomes site designated by us, and lasts 5 days. (See Items 5, 6, and 11.)

3) You may lease commercial space for your Office or you may work from a home office. The lower estimate assumes that you will work from a home office. The higher estimate assumes that you will pay 2 months' rent at $750 per month. The monthly lease amount will vary depending upon a number of factors, including the size and location of the premises, the condition of the premises, and the term of the lease. The costs of the utility deposits will vary depending upon the utility services required and whether these services are paid for all or in part by the lessor of the Office premises. Your actual costs will vary by market.

4) You must lease commercial space for your warehouse to store inventory. The higher estimate assumes that you will pay 2 months' rent at $750 per month. The monthly lease amount will vary depending upon a number of factors, including the size and location of the premises, the condition of the premises, and the term of the lease. The costs of the utility deposits will vary depending upon the utility services required and whether these services are paid for all or in part by the lessor of the warehouse premises. Your actual costs will vary by market.

5) You will incur advertising, marketing and promotional costs to start your Showhomes Business. The above estimate reflects the anticipated amount that you will spend on Opening Advertising, Marketing and Promotion prior to opening and during the first 90 days of operations. We require a minimum expenditure of $15,000 in the first year of operations.

6) The estimate for the initial furniture and accessories inventory includes the furnishings you will need to purchase in order to stage your first Properties. We expect you to use $5,000-$7,500 worth of inventory to complete a typical impact staging. Your experience may vary based on, on reuse of furnishings already purchased, number of Properties staged at once, and the size of the Properties to be staged. The low end assumes that you will only need to purchase inventory for the equivalent of two an impact staging at two Properties, while the high estimate assumes that you will need to purchase additional furniture and accessories inventory. You will need to periodically invest in inventory as your Business grows. You should anticipate total inventory expenses, via cash or line of credit, in the range of $30,000 - $100,000 for the first 12 months of operation.

7) You will need to acquire certain office equipment to establish and operate the Franchised Business including a current-model Windows or Apple laptop or desktop computer powerful enough to run a licensed copy of Microsoft

Office business edition including Publisher, Excel, Outlook, Word, PowerPoint, Google Photos, and QuickBooks Online accounting software. If you do not have a current license for the above software, you must purchase one. You will also need a smart phone, a high-speed color printer, access to a copier, and broadband internet access. If you lease office space you will need appropriate office furniture and accessories for your office. You also will need to purchase additional supplies such as paper, folders, and other materials for the first 6 months of operations. Optional equipment may include a coffee maker or refrigerator if you have an office with a kitchen and it may include equipment for moving Home Managers and setting up open houses.

8) These estimates are for the first three months of premiums for insurance required under the Franchise Agreement. Required insurance includes General Liability, Property Damage Insurance, Worker's Comp Insurance, Auto Insurance, and All Risk Policies if applicable. The estimates do not include premiums for general liability and property damage insurance necessary after you begin operations. Premiums will vary depending upon factors like location, staff size, business volume, claims experience, and deductibles selected.

9) The low end of the estimated range assumes that you will not be required to obtain any licenses or permits. The high end of the estimated range includes an estimate of the expenses for obtaining a small business license, occupancy permits, and a real estate license. However, the amount needed to obtain these licenses and permits necessary will vary substantially from state to state.

10) You will need to retain professional advisors to establish the Showhomes Business. The expenses for these services, which must include a bookkeeper or accountant that we approve and may include a business coach or attorney, will vary depending on the rates of the professionals you actually retain. These figures also include the cost of incorporating or forming the business entity that will act as the franchisee.

11) These amounts are our estimates of the funds needed to cover your expenses for the pre-opening phase and first three months of operation, including advertising and promotional expenditures, utilities and telephone service, and certain miscellaneous expenses. It assumes that you will be working from a home office and that you will have no employees during this period. These amounts do not include a salary or draw for you. These figures are estimates and we cannot assure you that you will not have additional expenses starting your Showhomes Business. Your actual costs will depend on factors such as your management skills, experience, and business acumen; local economic conditions; the local market for the Home Management Services, Staging Services and ReStyle and Updating Services and products; the prevailing wage rate; competition; and the amount of revenues you derive from the operation of the Showhomes Business during the start-up phase. These amounts do not include any estimates for debt service.

12) We based these estimates on the experiences of our current and prior management in operating Showhomes Businesses and reported experience of our franchisees. You should carefully review these estimates with your own financial advisor before deciding to purchase a franchise. Total cash required does not include a salary for the franchisee.

We may finance a portion of your Initial Franchise Fee. We will base our decision on the need you demonstrate for financial assistance and our evaluation of your ability to pay the deferred obligation. See Item 10.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Franchisor or other Designated Source

You must purchase from designated suppliers your Initial Marketing Materials, including signs, nametags, business cards, forms, and letterhead. You also must obtain from us our mandatory proprietary software and web-based programs. Although we do not charge an initial license fee for the use of our proprietary software and database, we may charge reasonable fees for updates and enhancements, or for replacement systems. Finally, you currently must participate in our mandatory insurance program and obtain comprehensive general liability and property damage insurance coverage from us, as described in Item 6, after you open your Business. We may terminate this program at any time. Other than the proprietary software and insurance, we or our affiliate are currently not an approved supplier of any products or services. We will require you to use one or more approved suppliers of bookkeeping services, which suppliers will not be affiliated with us.

Purchases According to Specifications

Insurance. In addition to participation in the mandatory insurance program, you must purchase additional insurance. All required insurance not included in our mandatory insurance program must be obtained from a responsible carrier or carriers acceptable to us. You may, with our prior written consent, elect to have reasonable deductibles. All of the policies must name us, our affiliates, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, as additional insured and must include a waiver of subrogation in favor of all these parties. You must obtain and maintain insurance coverage of the types and with the minimum policy limits and deductibles that we specify in accordance with our standards and specifications set forth in writing, as may be modified from time to time as we deem appropriate:

Type of Insurance	Amount
Commercial General Liability*	$5,000,000 per occurrence and $5,000,000 annual aggregate
Property Damage*	$5 million limit covering all Properties for which Franchisee has contracted to provide Home Management Services
All Risks	Coverage for the full cost of replacement of the Office premises and all other property in which Franchisor may have an interest with no coinsurance clause.
Automobile Liability	$1,000,000 combined single limit of owned, non-owned and hired vehicles.
Worker's compensation	Coverage for your employees and independent contractors not covered by another policy with limits of $1,000,000.
Excess Liability	Coverage in excess of the commercial general liability, automobile liability and employer's liability in the amount of $1,000,000.
Builder's Risk	Coverages necessary for any construction, renovation, refurbishment, or remodeling performed in connection with the Franchised Business, Franchisee shall maintain Builder's Risks/Installation insurance in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.
Other Insurance Inland Marine	As may be required by state or local municipalities. Coverage for the value of your staging inventory in an amount sufficient to cover your inventory at its most concentrated location.

*Currently purchased through our mandatory insurance program.

All insurance policies, with the exception of workers' compensation, must name us and our affiliates, and each company's respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees, as additional, and must provide that their interest will not be affected by your breach of any policy provisions. All policies must contain a waiver of subrogation in favor the additional named insured.

Equipment and Software. You must obtain a Windows or Apple laptop personal computer and Microsoft Office business edition software, including Publisher, Excel, Outlook, Word, PowerPoint, Google Photos, QuickBooks Online accounting software, and Smart phone with data capability. Your laptop computer must be loaded with all required software. (See Item 11). These items must meet the specifications stated in the Manuals. You may obtain these items from any source.

Additional Advertising and Promotional Materials. You must purchase from designated sources all advertising and promotional materials you use in the Franchised Business. The conduct of all advertising and promotion in any medium must conform to our standards and requirements in the

Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials if we have not prepared or approved them during the 12 months before their proposed use.

Office Location. If you choose to utilize an outside office then your office location must be approved by us. If you wish to operate from an office located in your home, we will require that you have access on an as-needed basis to an executive suite or similar facility, and you must maintain a post office box or other permanent mailing address. If you wish to lease office space you must obtain our approval of the proposed location before you sign a lease. We will not unreasonably withhold our consent.

Vehicles. Any vehicle you use in Franchised Business must meet our standards specified in the Manuals and must enable you to satisfy the requirements imposed on you under the Franchise Agreement. You must at all times keep the vehicle clean and in good working order. You cannot engage or use any individual to operate a motor vehicle in connection with providing services in the Showhomes Business who is under the age of 18 years or who does not possess a valid driver's license under the laws of the state in which you provide Services. You must require each individual to comply with all laws, regulations, and rules of the road and to use due care and caution in the operation and maintenance of motor vehicles. Except as noted above, we do not have any standards or exercise control over any motor vehicle you use.

Supplier Approval Procedures

We currently require supplier approval only for marketing and advertising materials and bookkeeping. We may, however, require that you obtain approval of suppliers of any of the products or services you use or offer for sale in the Franchised Business. Approved suppliers are those who demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, adequate quality controls, and the capacity to supply your needs promptly and reliably over an extended period of time. If you wish to obtain any products or services from a supplier we have not approved, you must submit a written request for approval, or must ask the supplier to do so. You must obtain our approval of any proposed supplier in writing before you obtain products or services from that supplier. You or the supplier must pay the cost of the evaluation. (See Item 6.) This procedure does not obligate us to approve any particular supplier. However, we will notify you within 30 days after we complete our evaluation whether we approve or disapprove any proposed supplier. We reserve the right to revoke our approval if the supplier fails to continue to meet our standards. We are not required to approve any supplier or to consider any request for approval. We do not charge a fee for evaluating a proposed supplier, but we may require reimbursement for any out-of-pocket expenses that we may incur. (See Item 6) We will advise you of any changes to our standards and specifications in the Manuals. You will not receive any material benefits when you use an approved supplier. Our suppliers do not pay any fees relating to their approval or application for approval as a vendor to us. Except as described above, there are no items for which we or our affiliates are approved suppliers or the only approved supplier.

Miscellaneous

We currently do not require you to participate in any purchasing or distribution cooperative.

We do negotiate purchasing arrangements for our franchisees, including discounted rates for General Liability and Property Damage insurance under our mandatory insurance program described above. We may negotiate National Accounts for the performance of Home Management Services. In the future, we may negotiate other purchasing arrangements.

In our fiscal year 2021, neither we nor our affiliates received any rebates or other payments on any products purchased by our franchisees, although we may receive rebates or other payments in the future.

We may receive revenue as a result of franchisees' purchases or leases from us. During our fiscal year ending December 31, 2021, we received $70,052 as a result of franchisees' participation in the

mandatory insurance program. $70,368 was paid to the insurance company and was not recognized as revenue or expenses on our audited financial statements. An administrative fee of $6,000 was recognized in our audited financial statements, and was 6.5% of our total revenue of $1,085,164 for 2021 based on our audited financial statements.

Our officers currently own an interest in us and our affiliates. Our officers do not own an interest in any other supplier.

We estimate that the purchase and lease of all items required to be purchased or leased by you from us or our affiliates, from unaffiliated approved suppliers, or in compliance with our specifications will represent approximately 47%-72% of the cost to establish the Franchised Business and approximately 15%-20% to operate the Franchised Business.

We do consider compliance with our sourcing requirements in determining whether or not to grant renewal or additional franchises. Other than this, however, we do not provide material benefits to our franchisees based on a franchisee's use of designated or approved sources.

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 Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article 3 of Franchise Agreement	Items 7, 8, 11 and 12
b. Pre-opening purchases/leases	Articles 7, 8 and 13 of Franchise Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 3 of Franchise Agreement	Items 1, 5, 8, 11 and 12
d. Initial and ongoing training	Article 6 and 7 of Franchise Agreement	Items 6, 7 and 11
e. Opening	Articles 3, 6, 7, 8 and 13 and Attachment A of Franchise Agreement	Items 7, 8 and 11
f. Fees	Articles, 4, 5, 7, 8, 9, 11, 12, 13, 15 and 19 of Franchise Agreement	Items 5, 6, 7 and 11
g. Compliance with standards and policies/manuals	Articles 2, 3, 6, 7, 8, 9, 10, 11 and 12 of Franchise Agreement	Items 5, 6, 7, 8, 9, 11, 12, 13, 14, 15 and 16
h. Trademarks and proprietary information	Articles 10 and 11 and Attachments D and E of Franchise Agreement	Items 11, 13, 14 and 16
i. Restrictions on products/services offered	Articles 2, 7 and 8 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Article 8 of Franchise Agreement	Items 7 and 16
k. Territorial development and sales quotas	Articles 1, 2, 4, 8, 18, and Attachment F to Franchise Agreement	Item 12, 17
l. Ongoing product/service purchases	Articles 8, 9 and 13 of Franchise Agreement	Items 6, 7, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
m. Maintenance, appearance, and remodeling requirements	Articles 3, 8 and 15 of Franchise Agreement	Items 1, 8 , 11, 16 and 17
n. Insurance	Article 13 of Franchise Agreement	Items 5, 7, 8 and 17
o. Advertising	Article 9 of Franchise Agreement	Items 5, 6, 7, 8 and 11
p. Indemnification	Article 16 of Franchise Agreement	Items 6 and 9
q. Owner's participation/management/ staffing	Articles 7, 8, 15,16 and 19 of Franchise Agreement	Items 1, 11 and 15
r. Records and reports	Articles 5 and 12 of Franchise Agreement	Items 6 and 11
s. Inspections and audits	Articles 6, 8 and 12 of Franchise Agreement	Items 6, 8, 11, 15
t. Transfer	Article 15 of Franchise Agreement	Items 6 and 17
u. Renewal	Article 4 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Article 19 of Franchise Agreement	Items 6 and 17
w. Non-competition covenants	Article 11 and Attachment D of Franchise Agreement	Items 15, 17 and Attachment D
x. Dispute resolution	Article 20 of Franchise Agreement	Item 17
y. Personal Guaranty	Article 7 of Franchise Agreement; Personal Guaranty	Item 15

ITEM 10
FINANCING

If you ask us, we will consider financing a portion of your Initial Franchise Fee. We will base our decision on your demonstrated need for financial assistance, our evaluation of your ability to pay the financing obligations, our availability of funds, and other factors that we deem pertinent.

We make our decisions on a case-by-case basis, and we offer you no assurance that we will offer you financing terms. You must also sign a promissory note for the deferred amount (the "Promissory Note"). The form of Promissory Note we use is attached to this Franchise Disclosure Document as Exhibit C. The Promissory Notes are typically payable monthly over 12 to 36 months and may require a back-end balloon payment. The principal balance bears interest at an APR currently ranging from 9% to 18% (not to exceed the maximum rate allowed by law) based on our evaluation of the credit risk and other factors.

If you intend to secure financing of your Initial Franchise Fee through the U.S. Small Business Administration's program for franchisees or similar structured funding and you demonstrate to our satisfaction that you qualify for such financing, we may offer you short-term financing for a period of up to 120 days while your financing is pending. To obtain this financing, you will be required to sign our Promissory Note, which will provide for a single balloon payment and an APR currently ranging from 9% to 18% (not to exceed the maximum rate allowed by law) based on our evaluation of the credit risk and other factors.

We may require collateral security for your Promissory Note, and we will require your Principals to guarantee the Promissory Note. You may prepay your Promissory Note at any time without penalty. Your failure to pay any installment when due constitutes a default under the Promissory Note and your

Franchise Agreement. If we terminate your Franchise Agreement for cause before you finish paying your Promissory Note, we can accelerate its maturity and make it immediately payable in full.

The Promissory Note contains terms that require you to waive certain legal rights including offset, counterclaim, recoupment, presentment, notices nonperformance or nonpayment, protest, notice of protest, notice of acceleration, notice of dishonor, consent to extension or renewal, or right to jury trial.

Although we do not currently do so, we reserve the right to pledge, sell or discount a franchisee's Promissory Note. In the event that we assign the Promissory Note, you may lose all your defenses against us for payment of the Promissory Note.

Except for deferred payment of Initial Franchise Fee, neither we nor our affiliates offer, either directly or indirectly, any financing arrangements to you. Also, we do not guarantee any note, lease, or other of your financial obligations.

We do not receive direct or indirect payments or other consideration from any person for the placement of financing with that person.

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

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

Pre-Opening

Before the opening of your Showhomes Business we will provide the following assistance and services:

1. Initial New Owner Orientation Training for your Managing Principal and up to two other employees at no charge. Initial training for additional employees is available for an additional fee. (See Item 6) (Franchise Agreement, Section 6.8).

2. Access to the Online Manuals System (as described below) which we may revise. (Franchise Agreement, Section 6.1). A copy of the table of contents to the Manuals is attached as Exhibit G to this Franchise Disclosure Document.

3. Access to certain customized proprietary computer software to be used in the operation of the Franchised Business, which will be licensed to you by us under the Software License Agreement (see Attachment E to the Franchise Agreement). We will also make available to you, at a reasonable cost, any upgrades, enhancements, or replacements to the software that are developed by or for us. (Franchise Agreement, Section 6.2).

4. Advertising and promotional materials and information that we develop to promote the Showhomes Business, at our then current price for the materials. (Franchise Agreement, Section 6.4).

5. Advice and written materials concerning techniques of managing and operating the Showhomes Business, including all new developments and improvements in delivery of the Showhomes services. (Franchise Agreement, Section 6.5).

6. A list of our approved suppliers, if we maintain a list. (Franchise Agreement, Section 6.6).

7. Consent to the location of your Office, as described below (Franchise Agreement, Section 3.1).

Post-Opening

During the operation of the Showhomes Business we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of your Showhomes Business and the products and services provided. (Franchise Agreement, Section 6.3)

2. At our option, provide field training to assist in the operation and development of the Showhomes Business, at no charge. (Franchise Agreement, Sections 6.8 and 7.8.5).

3. Provide advertising and promotional materials and information that we develop to promote the Showhomes Business. (Franchise Agreement, Section 6.4).

4. Advice and written materials (including updates to the manuals) concerning techniques of managing and operating the Showhomes Business, including new developments and improvements in Services. (Franchise Agreement, Section 6.5).

5. Establish and administer the National Accounts program in our sole discretion. (Franchise Agreement, Section 6.11).

6. Field post-opening assistance in your Territory as we find appropriate. (Franchise Agreement, Sections 7.8.6).

7. Training programs and seminars and other related activities regarding the operation of the Showhomes Business as we may conduct for you in our discretion or Showhomes Business personnel generally, which your personnel may be required to attend as well as additional on-line training which you and your employees must complete to our satisfaction (Franchise Agreement, Section 7.8).

8. Certain remedial field training for your personnel upon your reasonable request or as we find appropriate. If you request remedial training, we may require you to pay our current standard hourly rate of the employees providing the training and our expenses in providing the training (See Item 6). (Franchise Agreement, Sections 6.3 and 7.8.6).

9. Administration of the Ad Fund. (Franchise Agreement, Sections 6.9 and 9.2).

10. Upgrades, enhancements, or replacements to customized proprietary software, if and when developed. (Franchise Agreement, Section 6.2).

Advertising

National Advertising Fund. We administer a fund (the "National Ad Fund" or "Ad Fund") to support marketing and advertising for the System on a regional and national basis. Efforts supported by the Ad Fund in our last fiscal year include Home Manager recruitment advertising, our client loyalty program, public relations and marketing to promote brand development and public awareness of the Showhomes brand, development of e-marketing materials, print collateral, advertising, website enhancements, social media boosting, proposal generation platform, electronic contract signature tool, participation at a national conference, and SEO (search engine optimization) initiatives with the intent of driving local customer leads to franchisees. You must contribute to the Fund each month at a rate equal to the greater of a designated percentage of your Gross Sales or a minimum contribution. The current designated rate is the greater of 2% of Gross Sales or the monthly minimum contribution of $140. We may change the fees and we anticipate this fee may increase in the future, but it will not exceed the greater of 4% of Gross Sales or $280 per month. The following shows expenditures of the Ad Fund by category during the 12-month period ended December 31, 2021:

Websites and Digital Marketing	23%
Advertising	37%
Public Relations	10%
Client Loyalty Program	9%
Customer Service	21%

We or our designee will direct all advertising programs and have sole discretion to approve the creative concepts, materials, and media used in the programs and their placement and allocation. Showhomes Businesses operated by us or our affiliates will contribute to the Fund on the same basis as you. In administering the Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular operator benefits directly or pro rata from the placement of advertising. We are not obligated to spend any amount on advertising in the area where your Showhomes Business is located.

The Fund may be used to satisfy the costs of maintaining, administering, directing, and preparing advertising, including the cost of preparing and conducting television, radio, magazine, newspaper, and internet advertising campaigns; direct mail and outdoor billboards; public relations activities; employing agencies; and costs of our personnel and other departmental costs for marketing that we administer or prepare internally. We will keep all sums you pay to the Fund in a separate account and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead, if any, that we may incur in the administration or direction of the Fund. The Fund and its earnings will not otherwise benefit us. The Fund will be operated solely as a conduit for collecting and expending the advertising fees as outlined above.

We will prepare an annual statement of the operations of the Fund that is made available to you upon request. We are not required to have the Fund statements audited.

Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to the contributors to the Fund on the basis of their respective contributions. Any amounts paid to the Fund that are not spent in the year they are collected will remain in the Fund and be spent in our discretion as described in paragraph 1 above.

We have from time to time advanced funds to the Ad Fund, which the Ad Fund is obligated to repay us as cash becomes available in the future.

It has been our practice to seek advice from our Franchisee Advisory Council and selected other franchisees in reviewing Fund expenditures but we have no formal advertising council composed of franchisees. The Fund will not use any amounts for advertising that is principally a solicitation for the sale of franchises.

You may develop advertising materials for your own use, at your own cost, if your materials conform to our standards and specifications. If you develop advertisement materials, you must provide a copy of the materials to us for our review and approval (in writing) before you use the advertising materials. You may use proposed advertising materials that otherwise comply with the Franchise Agreement if we do not respond within 21 days after we receive your proposed materials. If we later determine that your marketing materials do not satisfy our then-current advertising and promotional standards, you immediately must cease using those materials upon written notice from us.

You must spend a minimum of $15,000 on the Minimum Individual Marketing and Advertising Expenditure during your first year of operations, a minimum of $20,000 during your second year of operations, and a minimum of $25,000 during your third and each subsequent year of operations, or as otherwise specified in the Manuals on “approved” local advertising and promotional activities in your local geographic area. Franchise advertising and promotional activities are “approved” if they satisfy our requirements (described above). Amounts spent on unapproved advertising activities will not qualify in determining whether you have satisfied this minimum expense requirement. If you do not spend the minimum amount required for local store advertising and public relations activities, you must pay us the amount of the difference for deposit in the Fund.

We do not require you to participate in any advertising cooperative.

Internet Advertising

We operate and maintain web sites at *www.showhomes.com and www.showhomesfranchise.com,* and it is our current practice to build and host individual websites to promote our Franchisee's business. We are not required to provide this service, and may discontinue this practice, or may charge a fee for these services at any time (See Item 6). You may not use the Showhomes' name or trademarks on the Internet in any other way without our prior consent and approval (See Item 13). Your use of any social or networking websites or similar media must conform to our written standards as described in the Manuals.

Training

Within 90 days after the Franchise Agreement is signed, and before you begin operating your Showhomes Business, your Managing Principal and any other Key Personnel you have employed must attend and complete, to our satisfaction, our initial "New Owner Orientation Training" and testing for competency. Our initial New Owner Orientation Training program is comprised of various segments: classroom training (which generally takes place at our facilities in Nashville, Tennessee), hands on training in staging exercise, online training, and assigned work with the operations manual. The classroom component of the New Owner Orientation Training will generally last four days.

We will provide the New Owner Orientation Training for your Managing Principal and up to two other Key Personnel, at no additional charge to you. All further training will be at your expense, including initial training of additional or replacement personnel, and any other training that we offer or require. For such training we will charge our standard hourly rate for the cost of personnel providing that training. Our current rates range from $200 to $300 per trainee per day, depending on who is performing the training. We will not charge for instructional materials. If we do onsite training outside of our Nashville office you will be responsible for paying all travel, lodging, and food costs for our staff.

We will determine whether your Key Personnel have satisfactorily completed all training. Our determination may include testing and other proof of proficiency. If any of your Key Personnel does not satisfactorily complete any required training or if we, in our reasonable business judgment based on the performance of Key Personnel, determine that these persons cannot satisfactorily complete any required training, you will be required to designate a replacement to satisfactorily complete the training, at your expense.

You must pay all expenses that you and your personnel incur for any training, including costs of travel, lodging, meals, and wages (see Item 6).

Our Field Operations Managers, Traci Hanzalik and Lynn Chapman, will lead your New Owner Orientation Training. Other personnel with subject-matter expertise will assist them. Ms. Hanzalik joined Showhomes in October 2009 and Ms. Chapman in November 2008.

Ms. Hanzalik worked from 1999 until 2009 as Field Operations Manager for Harris Research Inc., owner of Chem-Dry and N-Hance. There, she led a team of field operations representatives serving approximately 2400 franchises in both systems, with responsibility for developing and delivering all business training for new franchisees, as well as all training in all regional meetings and national conventions.

Ms. Chapman worked from 2002 until 2008 as Director of Field Operations for Cookies by Design, a system with approximately 300 franchises. There, she had responsibility for developing and delivering all training for new franchisees as well as training in all regional meetings and national conventions. The following chart provides an overview of the classroom portion of our New Owner Orientation Training program. The corporate training staff includes employees who have subject matter expertise in these

areas. Classroom training is provided at our corporate headquarters in Nashville, Tennessee. Field training involves working alongside another franchise owner and staff as they complete business development calls and other daily activities within a Showhomes business. Your field operations manager will work with you to create an outline of objectives for you to cover during your field training.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location (d)
Company overview and philosophy (a)	2	0	Home Office, Nashville, TN, or Virtually
Business development; working with Realtors and homeowners	6	0	Home Office, Nashville, TN, or Virtually (1)
Home Manager recruitment, qualification and training (a)	4	0	Home Office, Nashville, TN, or Virtually (1)
Home Manager retention, transfer and related operations issues (a)	3	0	Home Office, Nashville, TN, or Virtually (1)
Home Staging, design techniques and operations issues (a)	10	0	Home Office, Nashville, TN, or Virtually (2)
Business systems and Operations	8	0	Home Office, Nashville, TN, or Virtually (2)
Technology utilization – Showhomes database and MLS usage (b)	5	0	Home Office, Nashville, TN, or Virtually (1)
Financial accounting (c)	1	0	Home Office, Nashville, TN, or Virtually (3)
Franchise compliance (a)	1	0	Home Office, Nashville, TN, or Virtually (4)
TOTAL	40	0	

a) Instruction Materials from Franchise Resource Center and other materials
b) Instruction Materials from on-line training Modules
c) Instruction from the Lab
d) All classroom training sessions will be conducted at our corporate office in Nashville, Tennessee or virtually, as we determine in our sole discretion.
e) All on-the-job training will be conducted as field training and will take place at your Showhomes Business location.

1) Conducted by Operations Staff Instructors
2) Conducted by Operations Staff and Design Committee Instructors
3) Conducted by Accounting Staff Instructors
4) Conducted by Business Development and Legal Staff Instructors

Following the initial New Owner Orientation Training program, you must participate in periodic assignments, exercises and discussions during your first year of operation. You must also participate, at your expense, in any periodic training we require, including any national conferences.

Site Selection and Opening:

You will need to secure a self-storage warehouse for inventory storage for your Showhomes Business from a location that is approved by us. Your Showhomes franchise can be operated from a home office set-up, or if you wish you can lease commercial space for your office if it is approved by us. In approving an office and/or warehouse location, we consider whether the location is a convenient driving distance from the Properties that you will be servicing and, if you intend to operate from a home office, whether the atmosphere is conducive to the necessary functions of the business (for example, whether the office is a dedicated home office, whether it is relatively free of distractions, and whether it is equipped with necessary communications capabilities). If you wish to use a home office we will require that you maintain a post office box or other fixed business mailing address and also have access on an as-needed basis to an executive suite or similar facility. You may be required to open a branch Office if you acquire more than one Territory, but not until your initial Office has been open for at least six months. You must obtain our consent to the proposed Office location before you sign any lease or other binding agreement for the location. We must approve your office location before you may begin operating the Showhomes Business. We may terminate the Franchise Agreement if you fail to identify an acceptable site for the Office within 90 days after signing the Franchise Agreement. We will not unreasonably withhold our consent but we may condition it on our determination that the proposed location is consistent with the standards of quality and appearance associated with the System and the Marks. You may not operate any other business at or from the Office without our express prior written consent and may not relocate the Office without our written approval.

We estimate that the typical length of time between our acceptance of the Franchise Agreement and the date you begin operating a Showhomes Business will be approximately 60 to 90 days. This time may be shorter or longer depending upon the time needed to complete pre-opening training, to obtain your initial Office, to obtain financing for operations, and to obtain any permits and licenses needed for the operation of your Business. You must begin operation of your Showhomes Business by the date designated in Attachment A to the Franchise Agreement, or if no date is set forth in Attachment A, within 90 days after the Franchise Agreement is signed. Your failure to commence business within the required time period is a material event of default for which we may terminate the Franchise Agreement.

Computer Systems and Communications Devices

You must acquire and use certain computer hardware that meets our specifications and that is capable of running certain specified software programs including upgrades (the "Software").

Showhomes is a mobile business and, as such, you'll need to be connected to the Internet at all times. The hub of your franchise and your gateway to tools and customers will be your personal computer or mobile device. We require PCs that run Windows 10 or later operating systems or Apple Mac products and the following software tools are systems standards that must be used to run your Showhomes business.

- Touch Screen Based Smart Phone-Apple or Android Based
- Microsoft Office with Outlook, Word, Excel, PowerPoint and Publisher
- QuickBooks Online Plus
- T-Sheets
- Profit Keeper
- Google Workspace

Any current model laptop or desktop PC designed for running Windows 10 or later Windows PC or Apple Computer products are acceptable. You will need a color printer and scanner. We do not specify which model to use.

Our proprietary software and web-based database Franchise Management Hub Control Center (which we call "FranMan") is used to collect and monitor information concerning your Showhomes Business, including the inventory of Properties occupied and available for placement, the identities of and information related to Home Managers currently placed and available for placement, royalty reporting, and acts as a central hub for all of our software tools. The software and database were developed specifically for us for tracking information relevant to the Showhomes Businesses and are proprietary to us. You must use the software and database in the operation of your Showhomes Business, and must adhere closely to our procedures for protecting its confidentiality and integrity. You must sign the Software License Agreement attached as Attachment E to the Franchise Agreement to use the software and gain access to the database. Although we do not charge an initial license fee for the use of our proprietary software and database, we may charge reasonable fees for updates and enhancements, or for replacement systems. We also have the right to charge a reasonable fee ("Technology Fee") for web-based programs, Software, or systems modifications and enhancements specifically made for us and other maintenance and support services that we or our affiliates furnish to you.

The licensors of the required commercial software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates.

You must use certain required off-the-shelf commercial software programs, including Microsoft Office, Google G Suite QuickBooks Online Plus accounting software, and T-Sheets. You must use our designated accounting hardware and software. You can obtain and use properly licensed software programs from any authorized source. You must use our approved email system exclusively in the conduct of your Business.

The licensors of the required commercial software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates.

We may revise our specifications for the hardware and any software for use in the Showhomes Business as we determine necessary. There is no contractual limitation on our ability to require the hardware and any software programs be updated. The software programs and hardware are designed to enable us to have immediate, independent access to the information monitored by the system and that is electronically collected, and there is no contractual limitation on our access to or use of the information we obtain.

We estimate the current cost of purchasing required computer/smart phone hardware and software to range from $1,000 to $2,500. We estimate that the annual cost of any optional or required maintenance, updating, upgrading or support contracts averages $1,500 a year.

Manuals

After you sign the Franchise Agreement, we will provide you with access to our Manuals, which will be in electronic format. A copy of the Table of Contents of the Manuals is attached as Exhibit G to this Franchise Disclosure Document. The total number of pages in our Manuals is 1,184 pages. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential and closely adhere to our procedures for this purpose. You may not make any copies of the Manuals.

ITEM 12
TERRITORY

The Franchise Agreement grants you the right to operate your Showhomes Business within a defined exclusive geographic area (the "Territory") that will be described in Attachment A to your Franchise Agreement. Your Territory will be determined before you sign the Franchise Agreement.

You may offer, sell, and perform Showhomes Services (See Item 1) solely with respect to Properties located within your Territory, unless we give you written permission to do otherwise. We determine the boundaries of each Territory based on an analysis which may include: (i) the number of high-value Properties located in the Territory; (ii) the number of Properties located in the Territory that are listed for sale on an annual basis; (iii) the number of Properties that are vacant compared to the number of Properties for sale in your Territory at the time the Franchise Agreement is signed; (iv) the number of Properties available from National Accounts in your Territory when the Franchise Agreement is signed; (v) the typical value of the Properties in the Territory; and (vi) US Census and other data indicative of the potential of the Franchised Business in the Territory. We base our analysis on information we obtain from US Census data, local realtors, and multiple listing services. As of the date of this disclosure, a typical Territory will have approximately 25,000 to 30,000 owner-occupied Properties valued in the top 25% of all Properties in a specific Metropolitan area.

You will receive an exclusive territory. If you remain in full compliance with the Franchise Agreement and any other agreement between us or our affiliates and you, neither we nor any of our affiliates will establish or operate, or authorize anyone except you to establish or operate, a Showhomes Business in the Territory during the term of the Franchise Agreement. However, we and our affiliates may establish and operate, and may authorize other persons to establish and operate, Showhomes Businesses outside the Territory; and we and any other authorized persons have the right, at any time, to advertise and promote the System and Marks in the Territory. In addition, we may acquire or be acquired or merge with businesses that the same or similar to a Showhomes® Business and these businesses may be operated or licensed within your Territory. We also may distribute, license or sell products and services using the Marks at wholesale, retail or otherwise, without compensation to you.

If you operate your Showhomes Business in the territory of another franchisee, you will be in breach of your Franchise Agreement and subject to our default and termination rights. In addition to our default and termination rights, you will also owe compensation of up to 100% of the Gross Sales earned (currently 30% of the Gross Sales earned) to the franchisee whose territory you infringed upon. Other Showhomes Businesses are not authorized to solicit or serve customers in your Territory.

You must operate your Showhomes Business in the Territory from an Office location that we approve. Attachment A to the Franchise Agreement lists the address of the approved initial Office location. You may not relocate your Office without our prior written consent.

We have developed guidelines for a National Accounts program, and currently anticipate that this program may provide a future source of revenue to our franchisees. We or our affiliates may (but are not obligated to) authorize you to provide, Showhomes Services for Properties owned, managed, or controlled by the National Accounts within your Territory, under the conditions described below.

You cannot solicit existing or prospective National Accounts located within the Territory without first obtaining our written consent. You must comply with the procedures contained in the Manuals for identifying and referring National Account business. If you become aware of a prospective National Account located in your Territory, before soliciting or continuing discussions with the account, as applicable, you must provide notice to us and comply with the National Account solicitation and referral procedure stated in the Manuals. We will provide you with a list of existing and proposed National Accounts as that list is updated periodically, and may, in our sole discretion, advise you of the identity of

National Accounts by other means as the need arises. We or our affiliates will not service National Accounts in your Territory.

If we form a relationship with a National Account that has any Properties located in your Territory, you must use your best efforts to perform Home Management Services for the Account's properties on the terms and conditions we have agreed to under the National Account program. We make no representation or warranty that any specified amount of National Account business will be provided within the Territory. You will need to solicit and develop your own customers within the Territory to successfully operate the Showhomes Business.

We do not grant any right of first refusal to obtain additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement.

Neither we nor our affiliate have established or have present plans to establish franchises, company-owned outlets, or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so. You are not entitled to compensation for any sales or commissions from solicitations we make in the Territory.

Continuation of your Territory does not depend on you achieving a certain sales volume, market penetration, or other contingency, but if you default under the Franchise Agreement, we have the right to terminate the Franchise Agreement or, at our option, modify or reduce your Territory instead of terminating your Franchise Agreement.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos, and indicia of origin designated by us (collectively, the "Marks"), including the Marks described in Item 1. The Marks may be used only in the manner we authorize and only for the operation of your Showhomes Business at the location specified in the Franchise Agreement.

Showhomes Management owns the Marks and has granted us a license that gives us the right to use and license the use of the Marks and the System under a trademark license agreement dated December 31, 2011 (the "License Agreement"). The License Agreement is for a 50 year term. Showhomes Management may terminate the License Agreement if we breach the License Agreement and fail to cure such breach, or if we are insolvent. Showhomes Management has an agreement in place with former owners of the Marks, regarding the use of the marks in Atlanta, Georgia, Oklahoma City, Oklahoma and most of the State of Texas, which grants the licensees broad rights to use the marks in those areas and which differs from the agreements offered under this Franchise Disclosure Document. Except for these agreements, there are no agreements currently in effect which limit our rights to use or license the use of the Marks.

Showhomes Management has filed all required affidavits. The following Marks are registered with the USPTO:

Description	Federal Registration No.	Registration Date
Showhomes of America (standard character)	1,555,254	September 5, 1989
Showhomes of America (standard character)	2,686,092	February 11, 2003
Showhomes (standard character)	2,711,129	April 29, 2003
Showhomes (standard character)	3,425,105	February 26, 2008

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, no pending infringement, opposition, or cancellation proceedings, and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

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

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals are not permitted to communicate with any person other than us, our affiliates, or any designated person, their counsel and your counsel involving any infringement, challenge, or claim regarding the Marks. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge, or claim otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including Showhomes Management) having an interest in the Marks.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of Showhomes Management's ownership of, or our or any of our affiliate's rights in and to use, the Marks.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. You also may not establish or maintain a website or other presence on the World Wide Web portion of the Internet that reflects any of the Marks or our copyrights works, as any part of any URL or domain name or that otherwise state or suggest your affiliation with us or our franchise system. This prohibition includes the use or registration of the Marks or any derivative of the Marks, unless you obtain our prior written consent, as a part of any user name on any gaming website or social networking website (such as Facebook, Pinterest, Houzz or Twitter) or as part of any unauthorized email address.

The license to use the Marks granted in the Franchise Agreement is nonexclusive to you. We, and our affiliates have and retain certain rights in the Marks including the following: (1) to grant other licenses for the use of the Marks in addition to those licenses already granted to existing franchisees; (2) to develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and (3) to engage, directly or indirectly, at wholesale,

retail or otherwise, in (a) the production, distribution, license, and sale of products and services, and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs, and other identifying characteristics we or our affiliates may develop for that purpose.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents or registered copyrights that are material to the licensed business. We or our affiliates do claim statutory copyrights in all original materials used in the System, including the proprietary software and any related materials, the Manuals, and other written or recorded materials relating to the operation of the Showhomes Business and advertising and promotional materials used in the System. Our right to use and license the use of these System materials is derived from our agreement with Showhomes Management, described in Item 13.

You must operate the Showhomes Business in accordance with the standards and procedures specified in the Manuals.

You must treat the Manuals, written directives, and any other manuals and materials, lists of customers, National Accounts, Home Managers, Properties, and other communications we create or approve for use in your operation of the Showhomes Business, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. As between you and us, the Manuals remain our sole property and must be kept in a secure place at the Office premises.

We may revise the contents of the Manuals and you must comply with each new or changed standard. You must also insure that you use the current version of the Manuals. If there is a dispute as to the contents of the Manuals, the terms of the then-current master copy maintained by us will be controlling.

You must treat the System materials (including the Manuals) as our trade secrets and must comply with our policies and procedures for protecting them. You and each of your Principals are prohibited, during and after the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of the Franchise Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Showhomes Business that may be communicated to you or any of your Principals or that you may learn about, including these trade secrets. You and each of your Principals can divulge this confidential information only to your employees who must have access to it to operate the licensed business. Neither you nor your Principals are permitted at any time, without our prior written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how, and techniques related to the System that we communicate to you, including the manuals, plans and specifications, marketing and business development information and strategies, and site evaluation, selection guidelines, and techniques, are considered confidential.

If we ask, you must have any of your personnel who have received or will have access to confidential information, sign similar covenants. (See Item 15) The covenants will be substantially as set forth in Attachment D to the Franchise Agreement. Your Principals (as described in Item 1) also must sign these covenants.

If you or your Principals develop any new concept, process, or improvement in the operation or promotion of the Showhomes Business, you must promptly notify us and give us all necessary information, free of charge. You and your Principals must acknowledge that any of these concepts, processes, or

improvements will become our property, without providing you any compensation, and we may give the information to other franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

When the Franchise Agreement is signed, you must designate and at all times retain an individual to serve as your "Managing Principal." Your Managing Principal must meet our Standards (including our training requirements) and, if you are a corporation or other business entity, your Managing Principal must hold at least a 25% equity interest in you or the entity that directly or indirectly controls you.

The Managing Principal must serve as the General Manager of your Showhomes Business, unless you designate another person as General Manager who is acceptable to us and we approve the appointment in writing. If another person serves as General Manager, your Managing Principal must ensure that the General Manager fulfills all of his obligations and will remain fully responsible for his performance. Your General Manager must devote substantial full time and best efforts to the supervision and operation of your Showhomes Business. Your Managing Principal must sign the Franchise Agreement as one of your Principals, and individually guarantee all of your obligations.

If your Managing Principal cannot serve or no longer qualifies as Managing Principal, you must promptly notify us and designate a qualified replacement within 30 days. You must provide for interim management of the Showhomes Business until you designate a replacement. This interim management must be conducted in accordance with the Franchise Agreement.

The General Manager will be responsible for the day-to-day management of the Showhomes Business and will supervise all personnel. You must employ sufficient personnel to perform all essential functions as set forth in the Manuals. We may, in our discretion, allow an employee to perform more than one of these functions, subject to continued acceptable levels of performance. After you begin operations, you must at all times employ one or more individuals to equal one full-time equivalent person in addition to the General Manager. The General Manager and all employees performing essential functions are designated as Key Personnel.

All Key Personnel must satisfy the applicable requirements in the Franchise Agreement and Manuals. If any person does not meet the requirements, he or she must be replaced within the same time period and under the same conditions stated above for the Managing Principal. If you are a corporation or other business entity, the Key Personnel need not have an equity interest in you.

You must obtain confidentiality covenants and covenants not to compete from your Key Personnel and any of your other personnel who will have access to our training and any Principal who does not sign the Franchise Agreement as a Principal in substantially form shown in Attachment D to the Franchise Agreement, or as subsequently prescribed by us. We may decrease the period of time or geographic scope of any non-competition covenants or eliminate these non-competition covenants altogether for any party that is required to sign an agreement described in this Item 15.

If the franchisee is an individual, the franchisee's spouse must personally guarantee all obligations of the franchisee under the Franchise Agreement, and must sign the form of guaranty attached as Attachment G to the Franchise Agreement. If the franchisee is a business entity, all owners of the franchisee ("Principals") and all Principal's spouses must personally guarantee all obligations of the franchisee under the Franchise Agreement, and must sign the form of guaranty attached as Attachment G to the Franchise Agreement. All Key Personnel and other employees of the Business must sign the confidentiality and noncompetition covenants stated in the Confidentiality Agreement and Ancillary Covenants Not to Compete in the form attached as Attachment D to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals relating to the Showhomes Business. You must operate the Showhomes Business in strict conformity with our methods, standards, and specifications and must sell or offer for sale all services and products we require in the manner and style we require. You must sell and offer for sale only the products and services that we have expressly approved in writing. You must discontinue selling and offering for sale any products or services that we may disapprove in writing at any time. We have the right to change the types of products and services you offer and the manner in which they are offered by you at the Showhomes Business at any time, and there are no limits on our right to make those changes.

You may offer and sell the products and services we authorize only with respect to Properties located in your Territory, unless we give you written permission to do otherwise. (See Item 12.) You may advertise, promote, post or list information relating to the Showhomes Business on the internet (through the creation of a website or otherwise) only as we specifically authorize in the Manuals or otherwise in writing.

We will provide you with pricing guidelines and suggestions for services you provide. Currently, we require only that you charge a fee for all Services that you provide, and we allow you to determine the prices you charge customers except as restricted by the National Accounts Program. We reserve the right, however, to further restrict the prices you charge to the extent permitted by applicable law. Except as described above, we do not impose any other restrictions as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 4.1	10 years.
b. Renewal or extension of the term	Section 4.2	Two additional five year terms if you comply with certain terms.
c. Requirements for franchisee to renew or extend	Section 4.2	You must give at least 7 months' notice; repair or replace equipment, fixtures, and furnishings; not be in breach of any agreement with us or our affiliates; pay all money owed; have the right to remain in possession of the Office premises; sign current agreement (the terms and conditions of which may be materially different than the terms and conditions of our current franchise agreement) and pay renewal fee; sign a general release; comply with current qualification and training requirements; and agree upon Minimum Royalty for renewal term.
d. Termination by franchisee	Section 18.6	You may terminate the Franchise Agreement, for any reason or for no reason, by delivering to us 90 days' advance written notice of termination and paying us the early termination fee (subject to state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with "cause"	Article 18	We may terminate the Franchise Agreement if you default.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined - curable defaults	Section 18.4	Any default not specified as non-curable; failure to maintain standards; failure to obtain our consent when required.
h. "Cause" defined – non-curable defaults	Sections 18.2. and 18.3	Insolvency; general assignment for benefit of creditors; bankruptcy; admission in writing of inability to pay debts; receivership; failure to satisfy outstanding judgments against you for over 30 days; dissolutions; execution of levy; foreclosures; sale after levy; operate the Franchised Business or offer services outside of your Territory; sell or offer of unauthorized products or services; fail to commence operations within time and in manner required; abandon the business or lose right to conduct business; are convicted of or plead nolo contendere to a felony or crime of moral turpitude, or any crime adversely affecting the system; if the Franchised Business poses a threat to the public health or safety; transfer or attempt to transfer the Franchised Business, the Franchise Agreement or the franchisee entity without consent; fail to pay moneys due within 5 days after notice; fail to comply with in-term covenants; divulge confidential information; transfer on death or disability not completed as required; maintain false books or records; breach any material covenant; fail to timely replace Key Personnel; fail to maintain required insurance; misuse of Marks; default under Software License Agreement; fail to comply with National Accounts Program; commit repeated defaults; failure to meet Minimum Royalty.
i. Franchisee's obligations on termination/non-renewal	Article 19	Cease operating the Franchised Business and using the Marks and System; completely deidentify the business; cease use of assumed names or similar names or marks; pay all amounts due to us or our affiliates; pay damages and attorney's fees; return all manuals and software and other proprietary materials; and lists of all customers, Properties, National Accounts and Home Managers; comply with confidentiality requirements; return all advertising materials to us; and at our option, sell or assign to us your rights in the Office premises and the equipment and fixtures used in the business; assign all business listings to us including all phone numbers.
j. Assignment of contract by franchisor	Section 15.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
k. "Transfer" by franchisee – defined	Sections 15.2 and 15.3	Includes sale, assignment, conveyance, pledge, mortgage, or other encumbrance of any interest in the Franchise Agreement, the Showhomes Business or you (if you are not a natural person).
l. Franchisor's approval of transfer by franchisee	Section 15.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor's approval of transfer by franchisee	Section 15.2.2	You must pay all amounts due us or our affiliates; not otherwise be in default, sign a general release; and pay a transfer fee; comply with transfer program; Transferee must meet our criteria; assume the obligations under Agreement; sign current Franchise Agreement, Confidentiality and Non-Compete Agreement, and other agreements if required; upgrade the Franchised Business; attend training.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions as any bona fide offer from a third party.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Sections 19.10 and 19.11	Upon termination, we have the option to purchase the Office premises or any lease for the Office and all assets of the business at fair market value.
p. Death or disability of franchisee	Section 15.5	If you, or a Principal, are a natural person, upon death, the representative of your estate must transfer the Franchise within 12 months. If no representative is appointed, the distributee must be approved by us. Upon permanent disability the Franchise must be transferred to someone approved by us within 6 months after death or notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section 11.3.1	You are prohibited from operating or having an interest in a similar business. (subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	Section 11.3.2	You and your Principals are prohibited for two years from operating or having an interest in a similar business which is located, or is intended to be located within a 25-mile radius of (i) the Territory, (ii) within the Territory of another Showhomes Business; or (iii) within a 25-mile radius of the Territory of another Showhomes Business. You and your Principals also are prohibited from soliciting or communicating with persons with whom you had commercial relationships related to the Showhomes Business for the same time period. (subject to state law)
s. Modification of the agreement	Sections 6.2 and 20.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with manuals as amended.
t. Integration/merger clause	Section 20.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section 20.7	Except for actions related to the Marks or Confidential Information or for injunctive relief, all disputes must be mediated at the offices of the American Arbitration Association in Nashville, Tennessee. (subject to state law)
v. Choice of forum	Section 20.8	The venue for all proceedings related to or arising out of the Franchise Agreement is Federal District Court for the Middle District of Tennessee or Davidson County, Tennessee, unless otherwise brought by us or prohibited by State law (see State Specific Disclosure Addendum and Amendments to Franchise Agreement).*
w. Choice of law	Section 20.10	The Franchise Agreement is to be interpreted and construed under Tennessee law (except for Tennessee choice of law rules and as may be limited by State specific franchise registration and disclosure laws (see State Specific Disclosure Addendum and Amendments to Franchise Agreement).*

*Please refer to the disclosure addenda and contractual amendments appended to this Franchise Disclosure Document for additional terms that may be required under applicable state law.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The information below reflects the historic financial performance of Showhomes Businesses in operation as of December 31, 2021. Each of these franchisees operates a Showhomes Business in one or more Territories. The information below is based on reports submitted to us by our franchisees. Each franchisee submits one report which includes all of the franchisee's Territories, unless the franchisee's Territories are non-contiguous, in which case the franchisee will submit a report for each Territory. For the purpose of this Item 19, if a franchisee submits one report (because it has one Territory or multiple, contiguous Territories), it is considered to be a single franchisee and if a franchisee submits two reports (because it has non-contiguous Territories), it is considered to be two franchisees. Unless noted, the information presented in this financial performance representation does not distinguish between franchisees with multiple Territories and franchisees with one Territory. All of the information provided below is based on reports we received from franchisees.

As of December 31, 2021, there were Showhomes Businesses operating in 51 Territories, as described in Item 20. The 51 Territories were operated by 31 franchisees. The data below is based upon information received from 24 of the 31 franchisees (operating in 43 Territories) (the "Reporting Franchisees"). The Reporting Franchisees excludes three franchisees (operating in three territories) that operated under licensing agreements four franchisees (operating in a total of 5 territories) that were not operating at any point in 2021.

For the purpose of this financial performance representation, the term "revenue" means the total selling price of all services and products and all revenue of every other kind and nature related to a Showhomes Business. Reported revenues include Home Manager fees, administrative fees, homeowner fees, move-out inspection fees, application fees, referral fees, delivery or pickup fees, revenue from the sale or lease of any furniture, accessories or other goods, revenue from the sale of decorating, staging, photography or other services, and any other revenue related to the Showhomes Business. In addition, for the purpose of this financial performance representation, a franchisee has been in "continuous full-time operation" if it has been in operation each month of the applicable period and has continuously employed at least 1.5 full-time equivalent employees (i.e. one or more employees that in total worked at least 60 hours per week). A franchisee is "in operation" during an applicable period if it has operated its Showhomes Business at any time during that period and includes franchisees in continuous full-time operation, franchisees who were not in continuous full-time operation and franchisees who opened their Showhomes Business during that period.

We have not audited or verified these reports nor have we asked questions of the submitting franchisees to determine whether they are in fact accurate and complete, although we have no information or other reason to believe they are unreliable. We do not know whether the information was prepared consistent with generally accepted accounting principles.

Section A-1: Annual Revenues of Full-Time Reporting Franchisees in 2021.

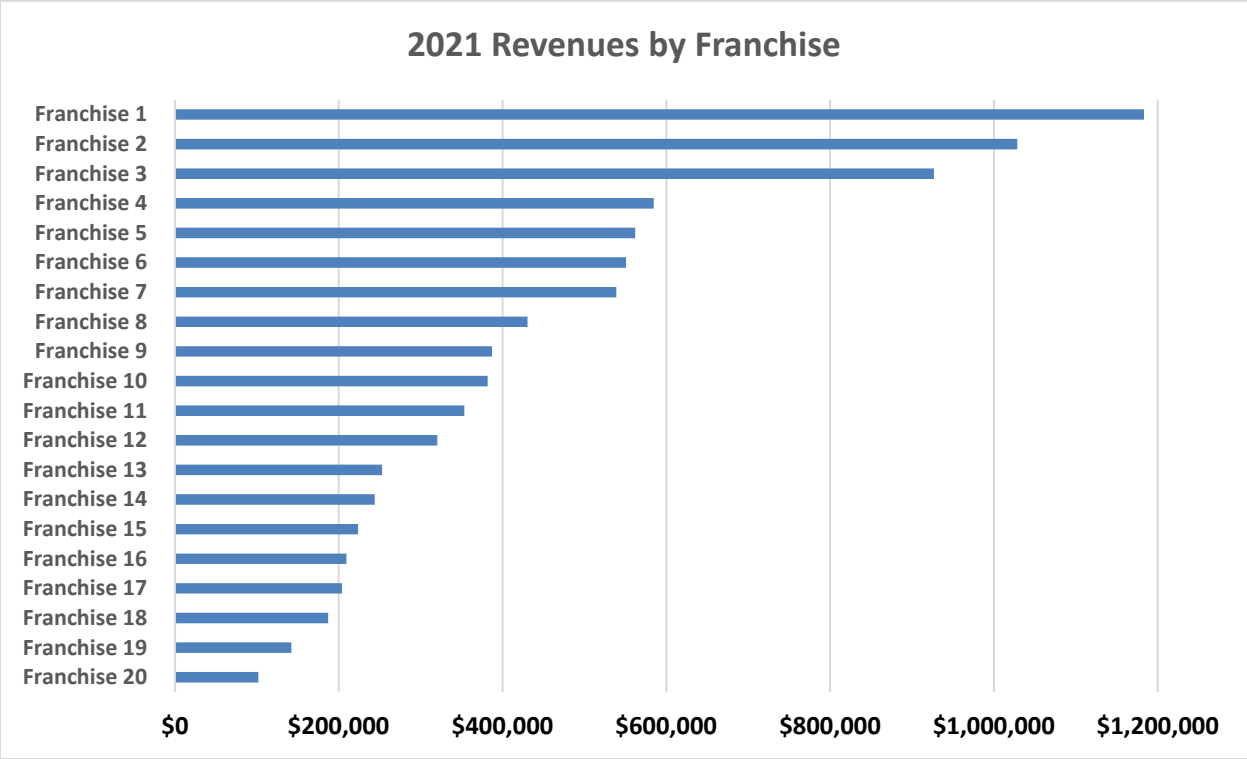
The following chart shows average annual revenues of 20 of the 24 Reporting Franchisees that were in continuous full-time operation during the entire 12-month period ended December 31, 2021. The information below includes information from only 20 of those Reporting Franchisees because the

remaining 4 Reporting Franchisees (17% of the 24 franchisees) were not in continuous full-time operation for the entire 12-month period ended December 31, 2021. The 20 Reporting Franchisees in the below chart operate in 39 Territories (or 91% of the 43 Territories operated by Reporting Franchisees).

Average Annual Revenues for Full-Time Franchisees for the 12-Month Period Ending Dec. 31, 2021	
Annual Revenues of the Highest Performing Reporting Franchisee	$1,183,321
Average Annual Revenues of All 20 Reporting Franchisees	$440,658
Annual Revenues of the Lowest Performing Reporting Franchisee	$101,925
Number and Percentage of Reporting Franchisees That Met or Exceeded the Average Annual Revenue	7 (35%)
Median Annual Revenues of 20 Reporting Franchisees	$367,638

Of the 7 franchisees that met or exceeded the average for the 12-month period ended December 31, 2021, 2 franchisees operated in 1 Territory, 1 franchisee operated in 1 territory for 10 months before acquiring a second territory, 2 franchisees operated in 2 Territories, 2 franchisees operated in 4 Territories, and 1 franchisee operated in 5 territories.

The following graph reflects the revenues reported by each of the 20 franchisees described above for the 12-month period ended December 31, 2021.



The following graph and chart reflect the annual revenues reported by each of the 20 Reporting Franchisees:

	2021 Revenue	# Territories
Franchise 1	$1,183,321	4
Franchise 2	$1,028,561	1
Franchise 3	$926,803	2
Franchise 4	$584,618	1
Franchise 5	$562,079	5
Franchise 6	$550,851	2
Franchise 7	$538,986	2
Franchise 8	$430,451	4
Franchise 9	$387,055	2
Franchise 10	$381,906	1
Franchise 11	$353,370	1
Franchise 12	$320,384	1
Franchise 13	$253,013	1
Franchise 14	$243,845	2
Franchise 15	$223,544	2
Franchise 16	$209,394	3
Franchise 17	$203,854	1
Franchise 18	$187,054	1
Franchise 19	$142,142	2
Franchise 20	$101,925	1

		# Franchisees Above	% of Franchisees Above
Average	$440,658	7	35%
Median	$367,638	10	50%

Section A-2: Annual Revenues of Reporting Franchisees in Continuous Full-time Operation for the Three-Year Period Ended December 31, 2021.

The following chart shows average annual revenues of 17 of the 24 Reporting Franchisees that were in continuous full-time operation during the entire three-year period ended December 31, 2021. The information below includes information from only 17 Reporting Franchisees because the remaining 7 Reporting Franchisees (29% of the 24 franchisees) were not in continuous full-time operation for the entire three-year period ended December 31, 2021. The 17 Reporting Franchisees operate in 36 Territories (or 84% of the 43 Territories operated by Reporting Franchisees).

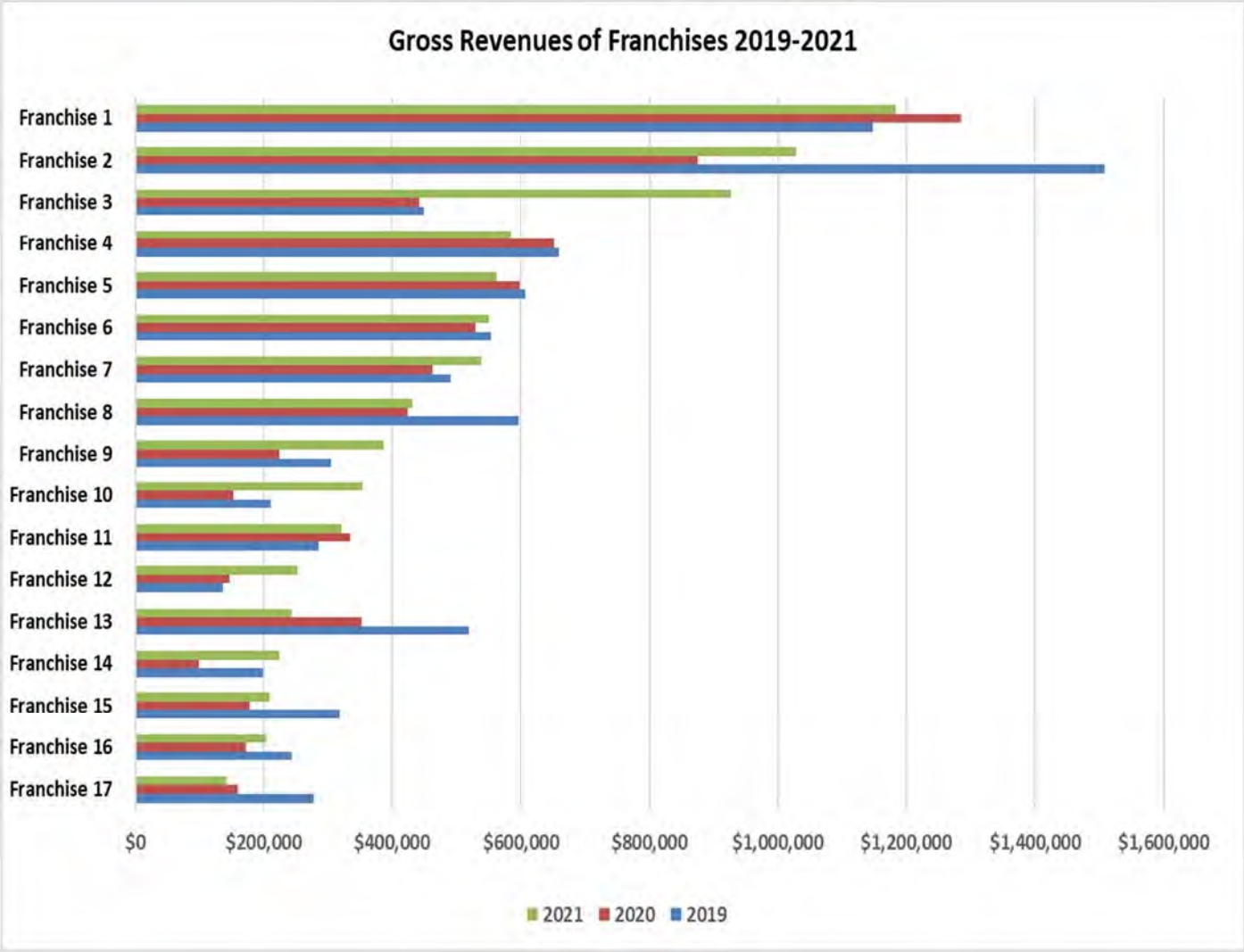
Average Annual Revenues for Franchisees for the Three-Year Period Ending Dec. 31, 2021			
	12 Month Period Ending Dec. 31, 2019	**12 Month Period Ending Dec. 31, 2020**	**12 Month Period Ending Dec. 31, 2021**
Annual Revenues of the Highest Performing Reporting Franchisee	$1,507,771	$1,284,071	$1,183,321
Average Annual Revenues of All 17 Reporting Franchisees	$500,149	$416,940	$478,957
Annual Revenues of the Lowest Performing Reporting Franchisee	$135,601	$99,594	$142,142
Number and Percentage of Reporting Franchisees That Met or Exceeded the Average Annual Revenue	7 (41%)	8 (47%)	7 (41%)
Median Annual Revenues of 17 Reporting Franchisees	$449,437	$351,755	$387,055

Of the 7 franchisees that met or exceeded the average for the 12-month period ended December 31, 2019, 2 franchisees operated in 1 Territory, 2 franchisee operated in 2 Territories, 2 franchisees operated in 4 Territories, and 1 franchisee operated in 5 Territories.

Of the 8 franchisees that met or exceeded the average for the 12-month period ended December 31, 2020, 2 franchisees operated in 1 Territory, 3 franchisees operated in 2 Territories, 2 franchisees operated in 4 Territories, and 1 franchisee operated in 5 territories.

Of the 7 franchisees that met or exceeded the average for the 12-month period ended December 31, 2021, 2 franchisees operated in 1 Territory, 3 franchisees operated in 2 Territories, 1 franchisee operated in 4 Territories, and 1 franchisee operated in in 5 territories. See Note 2 in Section A below.

The following graph and chart reflect the revenues reported by each of the 17 franchisees described above for the calendar years ended December 31, 2019, 2020 and 2021.


Gross Revenues of Franchises 2019-2021
Franchise 1
Franchise 2
Franchise 3
Franchise 4
Franchise 5
Franchise 6
Franchise 7
Franchise 8
Franchise 9
Franchise 10
Franchise 11
Franchise 12
Franchise 13
Franchise 14
Franchise 15
Franchise 16
Franchise 17
$0
$200,000
$400,000
$600,000
$800,000
$1,000,000
$1,200,000
$1,400,000
$1,600,000
2021
2020
2019

Franchise	2019 Revenue	2020 Revenue	2021 Revenue	# Territories
Franchise 1	$1,147,156	$1,284,071	$1,183,321	4
Franchise 2	$1,507,771	$875,719	$1,028,561	1
Franchise 3	$449,437	$441,731	$926,803	2
Franchise 4	$658,820	$652,016	$584,618	1
Franchise 5	$606,756	$598,499	$562,079	5
Franchise 6	$553,371	$529,297	$550,851	2
Franchise 7	$491,379	$462,708	$538,986	2
Franchise 8	$596,389	$423,431	$430,451	4
Franchise 9	$304,429	$224,649	$387,055	2
Franchise 10	$210,124	$153,076	$353,370	1
Franchise 11	$284,791	$334,530	$320,384	1
Franchise 12	$135,601	$146,527	$253,013	1
Franchise 13	$519,747	$351,755	$243,845	2
Franchise 14	$198,031	$99,594	$223,544	2
Franchise 15	$317,729	$178,411	$209,394	3
Franchise 16	$243,417	$171,225	$203,854	1
Franchise 17	$277,586	$160,734	$142,142	2
Average Annual Revenue	$500,149	$416,940	$478,957	
Median Annual Revenue	$449,437	$351,755	$387,055	

All franchisees described above in Section A-2 have operated for at least 3 years, and some have operated for over 10 years.

Notes to Sections A-1 and A-2

In reviewing this information, you should keep in mind certain factors that influence the performance shown here, and that may influence performance of any franchisee:

1) Home values in Territory. Property values vary significantly among geographic markets. A franchisee in a Territory with very high Property values may be able to charge significantly higher fees to Homeowners and Home Managers than could be charged in a Territory with lower Property values.

2) Implementation of Showhomes business model. Some businesses shown here operate substantially according to our current business model, while others have not adopted certain recommended practices.

3) Local market conditions. Real estate markets vary significantly among regions. Extremely strong Property sales may reduce demand for Showhomes services, but at the same time increase individual fees from homeowners. Weaker Property sales may increase demand for Showhomes services, increase Home Manager fees collected for each Showhomes services, but decrease fees collected from Homeowners.

4) Reporting Franchisee 9 underwent a change of ownership during the 3-year period.

Section B: Average Property Prices Under Contract.

All 24 Reporting Franchisees had Properties under contract during the 12-month period ended December 31, 2021. The following chart reflects the minimum, average and maximum list prices of Properties under contract with Reporting Franchisees during the 12-month period ended December 31, 2021. The chart also shows the middle 50% range of the list prices of Properties under contract. The range represents the middle 50% of all list prices of Properties under contract reported. The bottom of the middle 50% range is the 25th percentile, which means 25% of list prices of Properties under contract reported fell below that amount. The top of the middle 50% range is the 75th percentile, which means 25% of list prices of Properties under contract reported are above that amount. The 28 Reporting Franchisees in the below chart operate in 50 Territories.

	List Price of Properties Under Contract During 12-Month Period Ending December 31, 2021
Minimum	$110,000
Average	$1,012,076
Maximum	$14,900,000
Middle 50% Range	$459,900 - $1,199,999
Number (and Percentage) of Franchisees Whose Average Property List Prices Met or Exceeded the Average Property List Prices of all 24 Franchisees and the number of Territories in Which These Franchisees Operated	5 (21%) Operating in 11 Territories
Median List Price	$699,900

Notes to Sections A and B:

The financial performance representations do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Showhomes Business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

We recommend that you make your own independent investigation to determine whether or not to purchase this franchise, and consult with an attorney and other advisors before signing any Franchise Agreement. You should conduct an independent investigation of the costs and expenses in operating a Showhomes Business.

Some franchisees have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

Written substantiation for this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Matt Kelton, Showhomes Franchise Corporation, 2110 Blair Boulevard, Nashville, TN 37212, (863) 398-4010, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Each "Outlet" represents a single Territory.

Table No. 1

SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2019, 2020 AND 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	65	55	-10
	2020	55	55	0
	2021	55	51	-4
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	65	55	-10
	2020	55	55	0
	2021	55	51	-4

Table No. 2

TRANSFERS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2019, 2020 AND 2021

State	Year	Number of Transfers
Florida	2019	0
	2020	0
	2021	1
TOTALS	2019	0
	2020	0
	2021	1

Table No. 3

STATUS OF FRANCHISED OUTLETS
FOR YEARS 2019, 2020 AND 2021(1)(2)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Cease Operations – Other Reasons	Outlets at End of the Year
Alabama	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arizona	2019	3	0	0	0	0	0	3
	2020	3	0	1	0	0	0	2
	2021	2	0	0	0	0	2	0
California	2019	12	2	7	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Colorado	2019	1	0	1	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	13	0	4	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	1	0	0	0	0	10
Georgia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Idaho	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
Illinois	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	3	4
Kansas	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Cease Operations – Other Reasons	Outlets at End of the Year
Michigan	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Minnesota	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Nebraska	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
New Mexico	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
New York	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
North Carolina	2019	6	1	0	0	0	0	7
	2020	7	1	1	0	0	0	7
	2021	7	0	0	0	0	1	6
Oklahoma	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oregon	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Pennsylvania	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
South Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Cease Operations – Other Reasons	Outlets at End of the Year
Tennessee	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	1	0	0	0	2	3
Texas	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
TOTALS	2019	65	4	14	0	0	0	55
	2020	55	3	3	0	0	0	55
	2021	55	5	0	0	0	9	51

(1) Two of our former owners and a sublicensee of one of them operate one Showhomes Business each in Oklahoma, Georgia, and Texas under royalty-free trademark license agreements.

(2) Four franchisees operate in smaller than typical Territories (in Nebraska, New Mexico, North Carolina and South Carolina).

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2019, 2020 AND 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
TOTALS	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2021

State	Franchise Agreements Signed But Outlet Not Open	Projected New Outlet Openings in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	2	0
Florida	0	2	0
Georgia	0	1	0
North Carolina	0	1	0

State	Franchise Agreements Signed But Outlet Not Open	Projected New Outlet Openings in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Tennessee	0	1	0
Texas	0	2	0
Virginia	0	1	0
TOTALS	0	10	0

Exhibit D-1 lists the names of all current franchisees and the addresses and telephone numbers of their businesses as of December 31, 2021.

Exhibit D-2 lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a franchised business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in the fiscal year ended December 31, 2021, or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Showhomes System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organization associated with the franchise system being offered.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are the following documents: (1) our audited balance sheet as of December 31, 2021, and the related statements of operations, stockholder's equity and cash flows for the year then ended; (2) our audited balance sheet as of December 31, 2020, and the related statements of operations, stockholder's equity and cash flows for the year then ended; (3) our audited balance sheet as of December 31, 2019, and the related statements of operations, stockholder's equity and cash flows for the year then ended; and (4) our unaudited balance sheet and profit and loss statement as of March 31, 2022.

ITEM 22
CONTRACTS

Attached as Exhibits to this Franchise Disclosure Document are the following contracts and their attachments:

Exhibit B Franchise Agreement (including state specific addenda)
- Attachment A Territory; Initial Fee; Office Location; Opening Date
- Attachment B Franchisee's Principals and Key Personnel
- Attachment C EFT Authorization Form
- Attachment D Confidentiality and Non-compete Agreement
- Attachment E Software License Agreement
- Attachment F Minimum Royalty and Ad Fund Contribution
- Attachment G Guaranty

Exhibit C Promissory Note (Deferred Initial Fee)

Exhibit H	General Release
Exhibit I	Franchise Disclosure Questionnaire

ITEM 23

RECEIPTS

Included as the last two pages of this Franchise Disclosure Document is the receipt for this Franchise Disclosure Document. You must complete it accurately, return one signed copy to us, and keep the second copy for your file. See the receipt page for names, addresses and telephone numbers of our franchise sellers or brokers.

EXHIBIT A

SHOWHOMES FRANCHISE CORPORATION
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Showhomes Franchise Corporation

Financial Statements

As of December 31, 2021 and 2020
and for the years then ended

Showhomes Franchise Corporation

Financial Statements

As of December 31, 2021 and 2020
and for the years then ended

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Independent Auditor's Report

To the Board of Directors
Showhomes Franchise Corporation
Nashville, Tennessee

Report on the Financial Statements

Opinion

We have audited the financial statements of Showhomes Franchise Corporation (an S-Corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholder's equity and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Showhomes Franchise Corporation as of December 31, 2021 and 2020, and the results of its operations, changes in stockholder's equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The attached supplemental schedule, Schedule I – Other General and Administrative Expenses, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

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

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

A&G LLP
Dallas, Texas
April 28, 2022

Balance Sheets

As of December 31,	**2021**	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 111,363**	$ 274,168
Restricted cash	**64,272**	82,855
Accounts receivable, net	**103,807**	61,957
Prepaid expenses	**53,577**	66,190
Deferred costs	**21,454**	37,068
Notes receivable	**21,436**	59,900
Other current assets	**1,180**	1,433
Total current assets	**377,089**	583,571
Property and equipment, net	**4,440**	4,469
Intangible assets, net	**4,427**	11,309
Deferred costs, net	**160,008**	157,447
Notes receivable, net	**53,064**	-
Total assets	**$ 599,028**	$ 756,796
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and accrued expenses	**$ 64,840**	$ 80,313
Deferred revenue	**100,715**	112,639
Current portion of long-term debt	**-**	62,555
Total current liabilities	**165,555**	255,507
Due to related party	**39,949**	40,949
Deferred revenue, net	**242,083**	215,196
Long-term debt, net of current portion	**40,400**	58,509
Total liabilities	**487,987**	570,161
Stockholder's equity	**111,041**	186,635
Total liabilities and stockholder's equity	**$ 599,028**	$ 756,796

Statements of Operations

For the years ended December 31,	**2021**	2020
Revenues:		
Franchise fee revenue, net	**$ 155,466**	$ 168,369
Royalty and other fee revenue	**622,380**	687,891
National advertising fund revenue	**119,247**	132,710
Insurance program revenue	**70,052**	78,627
Other revenues	**118,019**	29,330
Total revenues	**1,085,164**	1,096,927
General and administrative expenses:		
Advertising and marketing	**52,673**	65,408
Broker and commission expense	**53,152**	33,182
Depreciation and amortization	**8,546**	10,014
National advertising fund expense	**179,233**	134,462
Insurance program expense	**70,368**	90,133
Personnel costs	**411,376**	438,765
Professional fees	**78,154**	79,802
Other general and administrative expenses	**254,189**	179,024
Total general and administrative expenses	**1,107,691**	1,030,790
Income (loss) from operations	**(22,527)**	66,137
Other income:		
Gain on extinguishment of debt	**81,303**	-
Other income (expense)	**(2,139)**	5,100
Interest expense	**(1,616)**	(1,355)
Total other income	**77,548**	3,745
Net income	**$ 55,021**	$ 69,882

Statements of Stockholder's Equity (Deficit)

For the years ended December 31,	**2021**	2020
Balance, beginning of year	**$ 186,635**	$ 124,075
Net income	**55,021**	69,882
Distributions to stockholder	**(130,615)**	(4,565)
Adoption of accounting standard (Note 2)	**-**	(2,757)
Balance, end of year	**$ 111,041**	$ 186,635

Statements of Cash Flows

For the years ended December 31,	**2021**	2020
Operating Activities		
Net income	**$ 55,021**	$ 69,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**8,546**	10,014
Provision for doubtful accounts	**7,642**	22,485
Gain on extinguishment of debt	**(81,303)**	-
Changes in operating assets and liabilities:		
Restricted cash	**18,583**	(2,054)
Accounts receivable	**(49,492)**	38,579
Prepaid expenses	**12,613**	3,693
Deferred costs	**13,053**	(82,768)
Other current assets	**253**	146
Accounts payable and accrued expenses	**(14,834)**	16,415
National advertising fund payable	**-**	-
Deferred revenue	**57,263**	(28,569)
Net cash provided by operating activities	**27,345**	47,823
Investing Activities		
Purchases of property and equipment	**(1,635)**	(674)
Collections on notes receivable	**(56,900)**	59,850
Net cash provided (used) by investing activities	**(58,535)**	59,176
Financing Activities		
Net advances to related party	**(1,000)**	(1,300)
Proceeds from long-term debt	**-**	121,064
Distributions to stockholder	**(130,615)**	(4,565)
Net cash provided (used) by financing activities	**(131,615)**	115,199
Net increase (decrease) in cash and cash equivalents	**(162,805)**	222,198
Cash and cash equivalents, beginning of year	**274,168**	51,970
Cash and cash equivalents, end of year	**$ 111,363**	$ 274,168

Statements of Cash Flows (continued)

For the years ended December 31,	**2021**	2020
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ 1,623**	$ -
Income taxes paid	**$ -**	$ -
Issuance of notes receivable	**$ 71,500**	$ 129,700
Non-cash operating and financing activities in connection with extinguishment of debt		
Extinguishment of accrued interest	**$ 639**	$ -
Extinguishment of long-term debt	**$ 80,664**	$ -

1. Organization and Operations

Description of Business

Showhomes Franchise Corporation, a Georgia Corporation, was formed in May 1994 and is located in Nashville, Tennessee. References in these financial statement footnotes to "Company", "we", "us" and "our" refer to the business of Showhomes Franchise Corporation. The Company was formed to operate as a franchisor of businesses that provide services to others in the business of managing residential real estate held for sale to the public. The Company, its affiliates and shareholder have developed techniques, systems, procedures and know-how in the development and operation of a business that manages this type of residential real estate ("Showhomes Business"). The Company provides such services to franchisees in the Pacific, Southwest, Midwest, Southeast and Atlantic Coast regions of the United States.

The Showhomes trademarks and other intellectual property related to the brand are owned by Showhomes Management, LLC ("SHM"), an affiliate of the Company, and licensed to the Company under a fifty-year license agreement (the "License"). The License grants the Company the right to use this trademark and the proprietary information related to the Showhomes Business, such as the know-how and the manuals, for the purpose of licensing them to franchisees of the Company.

The Company has 1,000 authorized shares of no-par value common stock. At December 31, 2021 and 2020, the Company had 1,000 shares issued and outstanding.

During the years ended December 31, 2021 and 2020, 5 and 3 franchised outlets were opened and 9 and 3 franchised outlets closed, respectively. As of December 31, 2021 and 2020, there were 51 and 55 franchised outlets in operation, respectively. As of December 31, 2021 and 2020, there were 0 and 0 affiliate owned outlets in operation, respectively.

Wholly Owned Subsidiary

The Company is a wholly owned subsidiary of Showhomes Holding, Inc. ("SHI"), an entity which is owned by the Chairman of the Company's Board of Directors.

Going Concern

Management has evaluated our ability to continue as a going concern as of December 31, 2021. Due to the positive earnings and positive cash flows from our operations and liquidity position of the Company as of December 31, 2021, we have concluded that there is not significant doubt about our ability to continue as a going concern.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. The full impact of the pandemic will continue to depend on future developments, including the continued spread and duration of the pandemic, the emergence of future variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic's magnitude and duration.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

2. Significant Accounting Policies (continued)

Use of Estimates
The preparation of financial statements in conformity with GAAP requires the use of certain estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including amortization. The Company evaluates its estimates and assumptions on an ongoing basis and relies on historical experience and various other factors that it believes to be reasonable under the circumstances to determine such estimates. Because uncertainties with respect to estimates and assumptions are inherent in the preparation of financial statements, actual results could differ from these estimates.

Comparative Financial Statements
Certain prior period amounts have been reclassified to conform to current year presentation.

Fair Value of Financial Instruments
The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The fair value hierarchy has three levels, which are based on reliable available inputs of observable data, and requires the use of observable market data when available.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, trade payables, and accrued expenses. The carrying values of cash and cash equivalents, trade receivables, trade payables, and accrued expenses are considered to be representative of their respective fair values due to the short-term nature of these instruments. Non-recurring fair value measurements include the assessment of property, plant and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Restricted Cash

National Advertising Fund
Restricted cash consists of contributions to the national advertising fund ("NAF") by the Company's franchisees and advances from the Company's general operating account. These funds are restricted for the purpose of satisfying costs of maintaining, administering, directing and preparing advertising and marketing for the Showhomes system and repayment of advances from the Company's general operating account.

2. Significant Accounting Policies (continued)

Accounts Receivable
Accounts receivable consist primarily of royalties, franchise fees and other fees due from franchisees, less an allowance for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

Notes Receivable
Notes receivable consists of amounts due from new franchisees when a portion of the franchise sale has been financed by the Company, less an allowance for doubtful notes for estimated losses resulting from franchisees' failure to make note payments in accordance with the terms of their respective loan agreements. Management determines the allowance for doubtful notes by identifying troubled accounts and by using historical experience applied to an aging of accounts. Amounts charged to the allowance for doubtful notes first are accounted as a reduction in deferred revenue, then any reduction in excess of the related balance in deferred revenue is charged against franchise fee revenue. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful notes.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Furniture and fixtures	7 Years
Office equipment	5 to 7 Years
Software costs	3 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Intangible Assets
Intangible assets are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Proprietary software and database	5 to 7 Years
Website	3 Years
Operations Manual	15 Years

2. Significant Accounting Policies (continued)

Impairment of Long-Lived Assets
The Company assesses potential impairment of its long lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2021 and 2020, no impairment charges were recognized related to long-lived assets.

Revenue Recognition
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 "Revenue with Contracts from Customers (Topic 606)." as amended by multiple updates to the standard. The update requires the entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU replaced most of the existing revenue recognition requirements in GAAP. The Company adopted the new guidance on January 1, 2020.

In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company early adopted the provisions of ASU 2021-02 for the year ended December 31, 2020 to the date of which FASB ASC 606 was adopted.

The Company's primary sources of revenue are as follows:

Franchise fee revenue
The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s). A franchise agreement establishes a Showhomes Business developed in one or multiple defined geographic areas and provides for a 10-year initial term with renewal of 5-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selections, operational materials and functional training courses, and ongoing services, such as management of the advertising fund. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Franchise fee revenue (continued)
Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the franchise agreement. In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination.

Royalty and other fee revenue
Royalty and other fee revenue from franchised businesses are based on a percentage of the franchisees' gross revenue. Royalties are based on the greater of 10 percent of the franchisees' gross revenue or $700 per month per unit of territory and are recognized as earned. Royalty and other fee revenue are recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur.

National advertising fund revenue
Franchise agreements require the franchisee to contribute to the National Advertising Fund ("NAF") on a monthly basis, based on an assessment of greater of two percent of the franchisees' gross receipts or $140 per month per unit of territory. The Company administers the fund and uses the fund to satisfy the cost of producing, maintaining, administering and directing advertising and development costs. Although the NAF is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the advertising services. As a result, the Company records NAF contributions in national advertising fund revenues and related NAF expenditures in national advertising fund expenses in the statements of operations. Prior to the adoption of ASU 2014-09, the Company historically presented the net activities of the NAF on the balance sheets in national advertising fund payable.

Insurance Program
Franchise agreements require the franchisee to pay a continuing insurance program fee on a monthly basis, based on an assessment of the franchisees' gross receipts per unit of territory. The Company administers the program and uses the insurance program fees to satisfy the cost of general liability and property damage for home managed homes and non-home managed homes. Although the insurance program is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the insurance costs. As a result, the Company records insurance program fee collected in insurance program revenue and the related insurance program expenditures in insurance program expense in the statements of operations. Prior to the adoption of ASU 2014-09, the Company presented the net activities of the insurance program on the balance sheets in accounts payable and accrued expenses.

Other revenues
Other revenues consist of annual conference fees and reconveyance fees. Annual conference fees are from franchisees and are recognized in the period the conference is held. Conference fees received in advance of the period of the national conference are included in deferred revenue as a liability on the balance sheets. Reconveyance fees generate from a contract breach and are recognized as earned.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

The following table disaggregates revenue by source for the year ended December 31, 2021:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue, net	$ -	$ 155,486	$ 155.486
Royalty and other fee revenue	-	622,380	622,380
National advertising fund revenue	-	119,247	119,247
Insurance program revenue	-	70,052	70,052
Other revenues	118,019	-	118,019
Total revenues, net	$ 118,019	$ 967,145	$ 1,085,164

The following table disaggregates revenue by source for the year ended December 31, 2020:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue, net	$ -	$ 168,369	$ 168,369
Royalty and other fee revenue	-	687,891	687,891
National advertising fund revenue	-	132,710	132,710
Insurance program revenue	-	78,627	78,627
Other revenues	29,330	-	29,330
Total revenues, net	$ 29,330	$ 1,067,597	$ 1,096,927

Contract Costs

Contract costs consist of broker fees and commissions incurred when the franchise rights are sold to franchisees. The Company classifies the contract costs as deferred costs in the balance sheets. The following table reflects the change in contract costs from the date of adoption (January 1, 2020) through December 31, 2021:

	Contract Costs
Balance at January 1, 2020	$ 111,747
Expense recognized during the year	(33,182)
New deferrals due to commissions incurred	115,950
Balance at December 31, 2020	$ 194,515
Expense recognized during the year	(53,152)
New deferrals due to commissions incurred	40,099
Balance at December 31, 2021	$ 181,462

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2021:

2022	$ 21,454
2023	21,867
2024	21,454
2025	21,454
2026	21,690
Thereafter	73,543
Total	$ 181,462

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees, renewal fees and transfer fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies the contract liabilities as deferred revenue in the balance sheets. The following table reflects the change in contract liabilities from the date of adoption (January 1, 2020) through December 31, 2020:

	Contract Liabilities
Balance at January 1, 2020	$ 256,604
Franchise fee revenue recognized	(168,369)
Franchise fee received from franchise owners	239,600
Balance at December 31, 2020	$ 327,835
Franchise fee revenue recognized	(155,486)
Franchise fee received from franchise owners	147,999
Other changes in deferred revenue	22,450
Balance at December 31, 2021	$ 342,798

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2021:

2022	$ 100,715
2023	37,802
2024	35,524
2025	33,148
2026	30,120
Thereafter	105,489
Total	$ 342,798

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred income taxes are provided for the temporary differences in basis of the Company's assets and liabilities and their reported amounts. These differences relate principally to differences in the recognition of income related to franchise sales (use of the installment method for tax purposes). The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on the enacted rates that are expected to be in effect when these differences are expected to reverse. Deferred tax expense or benefit is the result of the changes in the deferred tax assets and liabilities.

The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, effective January 1, 2012. Under those provisions, the Company does not pay Federal corporate income taxes on its taxable income. Instead, the stockholders are taxed on their proportionate share of the Company's taxable income. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

2. Significant Accounting Policies (continued)

Advertising
All costs associated with advertising and marketing are expensed in the period incurred. Company advertising costs are included in "Advertising and marketing." The Company's advertising expenses for the years ended December 31, 2021 and 2020 were $52,673 and $65,408, respectively. Franchising advertising costs are included in "National advertising fund expense".

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" as amended by multiple updates to the standard. This update requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet and requires lessors to classify leases as a sales-type, direct financing or operating lease. The update also expands the required quantitative and qualitative disclosures surrounding leases. In June 2020, the FASB issued ASU 2020-05, "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities." ASU 2020-05 defers the effective date of ASU 2016-02 for private companies and private not-for-profit entities for one year. The updated guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2016-02 on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The updated guidance is effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. This guidance should be applied retrospectively to the date ASU 606 was adopted. The Company early elected to adopt the provisions of ASU 2021-02 for the year ended December 31, 2020 to the date which FASB ASC 606 was adopted.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

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

4. Accounts Receivable

Accounts receivable consisted of the following at December 31:

		2021		2020
Accounts receivable	**$**	**107,553**	$	79,073
Less: allowance for doubtful accounts		**(3,746)**		(17,116)
Accounts receivable, net	**$**	**103,807**	$	61,957

For the years ended December 31, 2021 and 2020, bad debt expense related to accounts receivable was $7,642 and $22,485, respectively.

The allowance for doubtful accounts activity was as follows:

		2021		2020
Balance at beginning of year	**$**	**17,116**	$	79,481
Provision for doubtful accounts		**7,642**		22,485
Write-offs, net of recoveries		**(21,012)**		(39,880)
Balance at end of year	**$**	**3,746**	$	17,116

5. Property and Equipment

The major classes of property and equipment consisted of the following at December 31:

		2021		2020
Furniture and fixtures	**$**	**3,324**	$	3,324
Office equipment		**33,160**		31,525
Software costs		**2,189**		2,189
Less: accumulated depreciation		**(34,233)**		(32,569)
Property and equipment, net	**$**	**4,440**	$	4,469

For the years ended December 31, 2021 and 2020, depreciation expense was $1,664 and $2,685, respectively.

6. Notes Receivable

The Company holds notes receivable from franchisees for the initial purchase of the franchise. These notes are payable based on the terms and conditions agreed to at the time of sale. The notes range in length from <1 to 4 years and bear interest at eight percent per annum. The Company recognizes interest income from these notes in the period earned.

Notes receivable consists of the following at December 31:

		2021		2020
Notes receivable	**$**	**104,400**	$	89,800
Less: allowance for doubtful notes		**(29,900)**		(29,900)
Less: current portion of notes receivable		**(21,436)**		(59,900)
Notes receivable, net	**$**	**53,064**	$	-

6. Notes Receivable (continued)

The allowance for doubtful notes activity was as follows:

	2021	2020
Balance at beginning of year	**$ 29,900**	$ -
Provision for doubtful notes	**-**	29,900
Write-offs, net of recoveries	**-**	-
Balance at end of year	**$ 29,900**	$ 29,900

7. Intangible Assets

The principal asset classifications of intangible assets, at cost, are as follows at December 31, 2021:

	Cost	Acc. Amort.	Net
Proprietary software and database	$ 138,163	$ (137,169)	$ 994
Website	6,207	(6,207)	-
Operations Manual	16,633	(13,200)	3,433
Balance, end of year	$ 161,003	$ (156.576)	$ 4,427

The principal asset classifications of intangible assets, at cost, are as follows at December 31, 2020:

	Cost	Acc. Amort.	Net
Proprietary software and database	$ 138,163	$ (131,487)	$ 6,675
Website	6,207	(6,207)	-
Operations Manual	16,633	(12,000)	4,633
Balance, end of year	$ 161,003	$ (149,694)	$ 11,309

For the years ended December 31, 2021 and 2020 and 2019, amortization expense was $6,882 and $7,329, respectively.

Future estimated amortization expense:	
For year ending December 31, 2022	$ 2,191
For year ending December 31, 2023	1,200
For year ending December 31, 2024	1,036
Total	$ 4,427

8. Long-Term Debt

For the years ended December 31, 2021 and 2020, the long-term debt consisted of the following:

	2021	2020
Note payable #1	**$ -**	$ 80,664
Note payable #2	**40,400**	40,400
Long-term debt	**40,400**	121,064
Less: current portion of long-term debt	**-**	(62,555)
Long-term debt, net	**$ 40,400**	$ 58,509

8. Long-Term Debt (continued)

Future maturities of long-term obligations for the years following December 31, 2021 are as follows:

Year ending December 31, 2022	$	-
Year ending December 31, 2023		741
Year ending December 31, 2024		892
Year ending December 31, 2025		926
Year ending December 31, 2026		961
Thereafter		36,880
Total	$	40,400

Note Payable #1
On April 23, 2020, Showhomes Franchise Corporation received a loan of $80,664 from Truxton Trust Company, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. Monthly principal and interest payments are deferred for six months from the date of the promissory note. The PPP Loan is unsecured, matures on April 23, 2022 and bears interest at a rate of 1% per annum. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. On February 2, 2021, the PPP loan in the amount of $80,664 and related accrued interest was forgiven by the Small Business Administration ("SBA"). The amount forgiven was recognized as a gain on extinguishment of debt during the month ended February 28, 2021.

Note Payable #2
On June 15, 2020, Showhomes Franchise Corporation received a loan of $40,400 from the Small Business Administration ("SBA"), pursuant to the Economic Injury Disaster Loan (the "EIDL") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. Monthly principal and interest payments are deferred for 30 months from the date of the promissory Note. The EIDL Loan is secured by all tangible and intangibles personal property, matures in June 2050 and bears interest at a rate of 3.5% per annum.

9. Income Taxes

Effective January 1, 2012, the Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on the taxable income. Current year tax provision (benefit) is solely associated with the tax attributes of certain assets for the year of the election to the extent these assets have not been taxed at the corporate level.

The Company files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2018.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Management's determination of the taxable status of the entity, including its status as an S Corporation, a pass through entity, is a tax position that is subject to consideration of uncertainty.

9. Income Taxes (continued)

The Company believes it has complied with all regulations required to maintain the Company's status as an S Corporation and more likely than not, this status would hold up under examination. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021 and 2020.

10. Related Party Transactions

Due to Affiliate

As of December 31, 2021 and 2020, the Company had a payable due to SHM of $39,949 and $40,949, respectively. This related party payable is unsecured, bears no interest, and is due on demand.

Rent to related party

For the years ended December 31, 2021 and 2020, the Company recognized $19,766 and $19,766, respectively, in rent expense paid to an entity in which the Chairman of the Company's Board of Directors is the majority partner.

11. Commitments and Contingencies

Lease

The Company leases its office facilities in Nashville, Tennessee, under a month-to-month leasing arrangement. For the years ended December 31, 2021 and 2020, rent expense was $19,766 and $19,766, respectively.

Litigation

Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

12. Subsequent Events

The Company has evaluated subsequent events through April 28, 2022, the date the financial statements were available to be issued.

Showhomes Franchise Corporation

Supplemental Financial Information

Years ended December 31, 2021 and 2020

Schedule I - Other General and Administrative Expenses

For the years ended December 31,	**2021**	2020
Bad debt expense	**$ 7,642**	$ 22,485
Bank charges	**1,487**	1,941
Contributions and gifts	**2,332**	705
Dues and subscriptions	**21,341**	20,086
Insurance	**27,336**	39,197
Miscellaneous	**-**	1,998
Office expense	**14,453**	13,589
Postage and delivery	**2,369**	1,148
Rent	**19,766**	19,766
Repairs and Maintenance	**-**	295
Taxes	**(2,928)**	10,139
Telephone and internet	**28,644**	28,634
Training	**-**	2,160
Travel	**131,747**	16,881
Total other general and administrative expenses	**$ 254,189**	$ 179,024

Showhomes Franchise Corporation

Financial Statements

Years ended December 31, 2020 and 2019

Showhomes Franchise Corporation

Financial Statements

Years ended December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Showhomes Franchise Corporation
Nashville, Tennessee

Report on the Financial Statements
We have audited the accompanying financial statements of Showhomes Franchise Corporation (an S-Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in stockholder's equity (deficit) and cash flows for the years then ended, and related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Showhomes Franchise Corporation as of December 31, 2020 and 2019, and the results of its operations, changes in stockholder's equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The attached supplemental schedule, Schedule I – Other General and Administrative Expenses, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A+G LLP

A&G LLP
Dallas, Texas
June 1, 2021

Balance Sheets

As of December 31,		**2020**		2019
Assets				
Current assets:				
Cash and cash equivalents	**$**	**274,168**	$	51,970
Restricted cash		**82,855**		80,801
Accounts receivable, net		**61,957**		109,499
Prepaid expenses		**66,190**		69,883
Deferred costs		**37,068**		-
Notes receivable		**59,900**		19,950
Other current assets		**1,433**		1,579
Total current assets		**583,571**		333,682
Property and equipment, net		**4,469**		6,480
Intangible assets, net		**11,309**		18,638
Deferred costs, net		**157,447**		-
Total assets	**$**	**756,796**	$	358,800
Liabilities and Stockholder's Equity				
Current liabilities:				
Accounts payable and accrued expenses	**$**	**80,313**	$	38,950
National advertising fund payable		**-**		73,426
Deferred revenue		**112,639**		80,100
Current portion of long-term debt		**62,555**		-
Total current liabilities		**255,507**		192,476
Due to related party		**40,949**		42,249
Deferred revenue, net		**215,196**		-
Long-term debt, net of current portion		**58,509**		-
Total liabilities		**570,161**		234,725
Stockholder's equity		**186,635**		124,075
Total liabilities and stockholder's equity	**$**	**756,796**	$	358,800

Statements of Operations

For the years ended December 31,	**2020**	2019
Revenues:		
Franchise fee revenue, net	**$ 168,369**	$ 141,375
Royalty and other fee revenue	**687,891**	899,908
National advertising fund revenue	**132,710**	-
Insurance program revenue	**78,627**	-
Other revenues	**29,330**	114,807
Total revenues	**1,096,927**	1,156,090
General and administrative expenses:		
Advertising and marketing	**65,408**	38,323
Broker and commission expense	**33,182**	57,500
Depreciation and amortization	**10,014**	9,415
National advertising fund expense	**134,462**	-
Insurance program expense	**90,133**	-
Personnel costs	**438,765**	428,555
Professional fees	**79,802**	105,991
Other general and administrative expenses	**179,024**	361,834
Total general and administrative expenses	**1,030,790**	1,001,618
Income from operations	**66,137**	154,472
Other income:		
Other income	**5,100**	39
Interest expense	**(1,355)**	(2,156)
Total other income	**3,745**	(2,117)
Net income	**$ 69,882**	$ 152,355

Statements of Stockholder's Equity (Deficit)

For the years ended December 31,		**2020**		2019
Balance, beginning of year	**$**	**124,075**	$	(6,784)
Net income		**69,882**		152,355
Distributions to stockholder		**(4,565)**		(21,496)
Adoption of accounting standard (Note 2)		**(2,757)**		-
Balance, end of year	**$**	**186,635**	$	124,075

Statements of Cash Flows

For the years ended December 31,	**2020**	2019
Operating Activities		
Net income	**$ 69,882**	$ 152,355
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**10,014**	9,415
Provision for doubtful accounts	**22,485**	96,798
Changes in operating assets and liabilities:		
Restricted cash	**(2,054)**	(63,000)
Accounts receivable	**38,579**	(87,795)
Prepaid expenses	**3,693**	(7,337)
Deferred costs	**(82,768)**	-
Other current assets	**146**	-
Accounts payable and accrued expenses	**16,415**	(36,998)
National advertising fund payable	**-**	68,303
Deferred revenue	**(28,569)**	(3,970)
Net cash provided by operating activities	**47,823**	127,771
Investing Activities		
Purchases of property and equipment	**(674)**	(1,072)
Collections on notes receivable	**59,850**	17,425
Net cash provided by investing activities	**59,176**	16,353
Financing Activities		
Net advances to related party	**(1,300)**	-
Net advances to parent	**-**	(84,720)
Proceeds from long-term debt	**121,064**	-
Distributions to stockholder	**(4,565)**	(21,496)
Net cash provided (used) by financing activities	**115,199**	(106,216)
Net increase in cash and cash equivalents	**222,198**	37,908
Cash and cash equivalents, beginning of year	**51,970**	14,062
Cash and cash equivalents, end of year	**$ 274,168**	$ 51,970

Statements of Cash Flows (continued)

For the years ended December 31,	**2020**	2019
Supplemental Disclosure of Cash Flow Information		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -
Issuance of notes receivable	**$ 129,700**	$ 49,850

1. Organization and Operations

Description of Business

Showhomes Franchise Corporation, a Georgia Corporation, was formed in May 1994 and is located in Nashville, Tennessee. References in these financial statement footnotes to "Company", "we", "us" and "our" refer to the business of Showhomes Franchise Corporation. The Company was formed to operate as a franchisor of businesses that provide services to others in the business of managing residential real estate held for sale to the public. The Company, its affiliates and shareholder have developed techniques, systems, procedures and know-how in the development and operation of a business that manages this type of residential real estate ("Showhomes Business"). The Company provides such services to franchisees in the Pacific, Southwest, Midwest, Southeast and Atlantic Coast regions of the United States.

The Showhomes trademarks and other intellectual property related to the brand are owned by Showhomes Management, LLC ("SHM"), an affiliate of the Company, and licensed to the Company under a fifty-year license agreement (the "License"). The License grants the Company the right to use this trademark and the proprietary information related to the Showhomes Business, such as the know-how and the manuals, for the purpose of licensing them to franchisees of the Company.

The Company has 1,000 authorized shares of no-par value common stock. At December 31, 2020 and 2019, the Company had 1,000 shares issued and outstanding.

During the years ended December 31, 2020 and 2019, 3 and 4 franchised outlets were opened and 3 and 14 franchised outlets closed, respectively. As of December 31, 2020 and 2019, there were 55 and 55 franchised outlets in operation, respectively. As of December 31, 2020 and 2019, there were 0 and 0 affiliate owned outlets in operation, respectively.

Wholly Owned Subsidiary

The Company is a wholly owned subsidiary of Showhomes Holding, Inc. ("SHI"), an entity which is owned by the Chairman of the Company's Board of Directors.

Going Concern

Management has evaluated our ability to continue as a going concern as of December 31, 2020. Due to the positive earnings and positive cash flows from our operations and liquidity position of the Company as of December 31, 2020, we have concluded that there is not significant doubt about our ability to continue as a going concern.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. While the disruption is expected to be temporary, there is considerable uncertainty around the duration. Though some of the restrictions were lifted in some states in March and April 2021, the extent to which the pandemic will impact our business remains highly uncertain if it continues for an extended period. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic's magnitude and duration.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this method, revenue is recognized when earned and expenses are recognized as incurred.

2. Significant Accounting Policies (continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of certain estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including amortization. The Company evaluates its estimates and assumptions on an ongoing basis and relies on historical experience and various other factors that it believes to be reasonable under the circumstances to determine such estimates. Because uncertainties with respect to estimates and assumptions are inherent in the preparation of financial statements, actual results could differ from these estimates.

Comparative Financial Statements
Certain prior period amounts have been reclassified to conform to current year presentation.

Fair Value of Financial Instruments
Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables and trade payables. The carrying values of cash and cash equivalents, trade receivables and trade payables are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Non-recurring fair value measurements include the assessment of property and equipment and intangible assets for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Restricted Cash

National Advertising Fund
Restricted cash consists of contributions to the national advertising fund ("NAF") by the Company's franchisees and advances from the Company's general operating account. These funds are restricted for the purpose of satisfying costs of maintaining, administering, directing and preparing advertising and marketing for the Showhomes system and repayment of advances from the Company's general operating account.

Accounts Receivable
Accounts receivable consists primarily of royalty fees due from franchisees, less an allowance for doubtful accounts based on a review of all outstanding amounts on a monthly basis.

2. Significant Accounting Policies (continued)

Accounts Receivable (continued)
Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. Interest is not accrued on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

Notes Receivable
Notes receivable consists of amounts due from new franchisees when a portion of the franchise sale has been financed by the Company, less an allowance for doubtful notes for estimated losses resulting from franchisees' failure to make note payments in accordance with the terms of their respective loan agreements. Management determines the allowance for doubtful notes by identifying troubled accounts and by using historical experience applied to an aging of accounts. Amounts charged to the allowance for doubtful notes first are accounted as a reduction in deferred revenue, then any reduction in excess of the related balance in deferred revenue is charged against franchise fee revenue. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful notes.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Furniture and fixtures	7 Years
Office equipment	5 to 7 Years
Software costs	3 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Intangible Assets
Intangible assets are stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Proprietary software and database	5 to 7 Years
Website	3 Years
Operations Manual	15 Years

Impairment of Long-Lived Assets
The Company assesses potential impairment of its long lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset.

2. Significant Accounting Policies (continued)

Impairment of Long-Lived Assets (continued)
During the years ended December 31, 2020 and 2019, no impairment charges were recognized related to long-lived assets.

Revenue Recognition
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 "Revenue with Contracts from Customers (Topic 606)." as amended by multiple updates to the standard. The update requires the entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU replaced most of the existing revenue recognition requirements in GAAP.

In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license.

The Company adopted ASU 2014-09 and ASU 2021-02 using the cumulative effect transition method on January 1, 2020, which was applied to those contracts that were not completed as of January 1, 2020. Results for reporting periods beginning after January 1, 2020 will be presented under ASU 2014-09, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting. The details of the significant changes and quantitative impact of the changes are discussed below.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Showhomes Business developed in one or multiple defined geographic area and provides for a 10-year initial term with renewal of 5-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management. Revenue generated from a contract breach is termed reconveyance fee by the Company and included other revenues.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selections, operational materials and functional training courses, and ongoing services, such as management of the advertising fund. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the franchise agreement.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)
Royalties and other fee revenue from franchised businesses are based on a percentage of the franchisees' gross revenue. Royalties are based on the greater of 10 percent of the franchisees' gross revenue or $700 per month per unit of territory and are recognized as earned. Royalty and other fee revenue is recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur.

The Company also receives national conference revenue from its franchisees and recognizes this revenue in the period the conference is held and is included in other revenues in the statements of operations. Conference revenue received in advance of the period the national conference is included in deferred revenue as a liability on the balance sheets.

National Advertising Fund
Franchise agreements require the franchisee to contribute to the National Advertising Fund ("NAF") on a monthly basis, based on an assessment of greater of two percent of the franchisees' gross receipts or $140 per month per unit of territory. The Company administers the fund and uses the fund to satisfy the cost of producing, maintaining, administering and directing advertising and development costs. Although the NAF is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the advertising services. As a result, the Company records NAF contributions in national advertising fund revenues and related NAF expenditures in national advertising fund expenses in the statements of operations. Prior to the adoption of ASU 2014-09, the Company historically presented the net activities of the NAF on the balance sheets in national advertising fund payable.

Insurance Program
Franchise agreements require the franchisee to pay a continuing insurance program fee on a monthly basis, based on an assessment of the franchisees' gross receipts per unit of territory. The Company administers the program and uses the insurance program fees to satisfy the cost of general liability and property damage for home managed homes and non-home managed homes. Although the insurance program is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the insurance costs. As a result, the Company records insurance program fee collected in insurance program revenue and the related insurance program expenditures in insurance program expense in the statements of operations. Prior to the adoption of ASU 2014-09, the Company presented the net activities of the insurance program on the balance sheets in accounts payable and accrued expenses.

The following table disaggregates revenue by source for the year ended December 31, 2020:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue, net	$ 100,000	$ 68,369	$ 168,369
Royalty and other fee revenue	-	687,891	687,891
National advertising fund revenue	-	132,710	132,710
Insurance program revenue	-	78,627	78,627
Other revenues	29,330	-	29,330
Total revenues, net	$ 129,330	$ 967,597	$ 1,096,927

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

The following table disaggregates revenue by source for the year ended December 31, 2019:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ 141,375	$ -	$ 141,375
Royalty and other fee revenue	899,908	-	899,908
National advertising fund revenue	-	-	-
Insurance program revenue	-	-	-
Other revenues	114,807	-	114,807
Total revenues, net	$ 1,156,090	$ -	$ 1,156,090

Contract Costs

Contract costs consist of broker fees and commissions incurred when the franchise rights are sold to franchisees. The Company classifies the contract costs as deferred costs in the balance sheets. The following table reflects the change in contract costs from the date of adoption (January 1, 2020) through December 31, 2020:

	Contract Costs
Balance at January 1, 2020	$ 111,747
Expense recognized during the year	(33,182)
New deferrals due to commissions incurred	115,950
Balance at December 31, 2020	$ 194,515

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020:

2021	$ 37,068
2022	19,922
2023	20,305
2024	19,922
2025	19,922
Thereafter	77,376
Total	$ 194,515

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees, renewal fees and transfer fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies the contract liabilities as deferred revenue in the balance sheets. The following table reflects the change in contract liabilities from the date of adoption (January 1, 2020) through December 31, 2020:

	Contract Liabilities
Balance at January 1, 2020	$ 256,604
Revenue recognized during the year	(168,369)
Additions during period	239,600
Balance at December 31, 2020	$ 327,835

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contract Liabilities (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020:

2021	$ 112,639
2022	32,021
2023	31,740
2024	29,445
2025	27,085
Thereafter	94,905
Total	$ 327,835

The following tables summarize the impacts of adopting the revenue recognition standard on the Company's financial statements:

	As Reported December 31, 2019	Adjustments Net Change	Adjusted January 1, 2020
Balance Sheet			
Account receivable, net	$ 109,499	$ 13,522	$ 123,021
Deferred costs	-	33,182	33,182
Deferred franchise costs, net	-	78,565	78,565
Total assets	358,800	125,269	484,069
Accounts payable and accrued expenses	38,950	24,948	63,898
National advertising fund payable	73,426	(73,426)	-
Deferred revenue	80,100	128,366	208,466
Deferred revenue, net	-	48,138	48,138
Total stockholders' equity	124,075	(2,757)	121,318
Total liabilities and stockholders' equity	358,800	125,269	484,069

	As Reported	Adjustments Net Change	Balance Without Adoption
Balance Sheet			
December 31, 2020			
Account receivable, net	$ 61,957	$ (9,372)	$ 52,585
Deferred costs	37,068	21,882	58,950
Deferred franchise costs, net	157,447	(157,447)	-
Total assets	756,796	(144,937)	611,859
Accounts payable and accrued expenses	80,313	(37,521)	42,792
National advertising fund payable	-	72,861	72,861
Deferred revenue	112,639	(12,539)	100,100
Deferred revenue, net	215,196	(215,196)	-
Total stockholders' equity	186,635	47,458	234,093
Total liabilities and stockholders' equity	756,796	(144,937)	611,859

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Impacts on Financial Statements (continued)

	As Reported	Adjustments Net Change	Balance Without Adoption
Statement of Operations			
For the year ended December 31, 2020			
Franchise fee revenue, net	$ 168,369	$ 51,231	$ 219,600
National advertising fund revenue	132,710	(132,710)	-
Insurance program revenue	78,627	(78,627)	-
Total revenue	1,096,927	(160,106)	936,821
Broker and commission expense	33,182	23,818	57,000
National advertising fund expense	134,462	(134,462)	-
Insurance program expense	90,133	(90,133)	-
Other general and administrative	179,024	(4,030)	174,994
Net income	69,882	44,701	114,583

	As Reported	Adjustments Net Change	Balance Without Adoption
Statement of Cash Flows			
For the year ended December 31, 2020			
Cash flows from operating activities:			
Net income	$ 69,882	$ 44,701	$ 114,583
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for doubtful accounts	22,485	(4,030)	18,455
Changes in operating assets and liabilities:			
Accounts receivables	38,579	(120)	38,459
Deferred costs	(82,768)	23,818	(58,950)
Accounts payable and accrued expenses	16,415	(12,573)	3,842
National advertising fund payable	-	(565)	(565)
Deferred revenue	(28,569)	(21,331)	(49,900)

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred income taxes are provided for the temporary differences in basis of the Company's assets and liabilities and their reported amounts. These differences relate principally to differences in the recognition of income related to franchise sales (use of the installment method for tax purposes). The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are determined based on the enacted rates that are expected to be in effect when these differences are expected to reverse. Deferred tax expense or benefit is the result of the changes in the deferred tax assets and liabilities.

The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, effective January 1, 2012. Under those provisions, the Company does not pay Federal corporate income taxes on its taxable income. Instead, the stockholders are taxed on their proportionate share of the Company's taxable income. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

2. Significant Accounting Policies (continued)

Advertising
All costs associated with advertising and marketing are expensed in the period incurred. Company advertising costs are included in “Advertising and marketing.” The Company’s advertising expenses for the years ended December 31, 2020 and 2019 were $65,408 and $38,323, respectively. Franchising advertising costs are included in “National advertising fund expense”.

Recent Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” as amended by multiple updates to the standard. This update requires lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet and requires lessors to classify leases as a sales-type, direct financing or operating lease. The update also expands the required quantitative and qualitative disclosures surrounding leases. In June 2020, the FASB issued ASU 2020-05, “Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities.” ASU 2020-05 defers the effective date of ASU 2016-02 for private companies and private not-for-profit entities for one year. The updated guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2016-02 on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”, and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

In August 2018, the FASB issued ASU No. 2018-15, “Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40), Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,” which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This update is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU No. 2018-15 on its financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

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

4. Accounts Receivable

Accounts receivable consisted of the following at December 31:

		2020		2019
Accounts receivable	**$**	**79,073**	$	188,980
Less: allowance for doubtful accounts		**(17,116)**		(79,481)
Accounts receivable, net	**$**	**61,957**	$	109,499

For the years ended December 31, 2020 and 2019, bad debt expense related to accounts receivable was $22,485 and $96,798, respectively.

The allowance for doubtful accounts activity was as follows:

		2020		2019
Balance at beginning of year	**$**	**79,481**	$	123,034
Provision for doubtful accounts		**22,485**		96,798
Write-offs, net of recoveries		**(39,880)**		(140,351)
Balance at end of year	**$**	**17,116**	$	79,481

5. Property and Equipment

The major classes of property and equipment consisted of the following at December 31:

		2020		2019
Furniture and fixtures	**$**	**3,324**	$	3,324
Office equipment		**31,525**		30,851
Software costs		**2,189**		2,189
Less: accumulated depreciation		**(32,569)**		(29,884)
Property and equipment, net	**$**	**4,469**	$	6,480

For the years ended December 31, 2020 and 2019, depreciation expense was $2,685 and $2,086, respectively.

6. Notes Receivable

The Company holds notes receivable from franchisees for the initial purchase of the franchise. These notes are payable based on the terms and conditions agreed to at the time of sale. The notes range in length from <1 to 2 years and bear interest at rates ranging from 7.0% to 9.0%. The Company recognizes interest income from these notes in the period earned.

Notes receivable consists of the following at December 31:

		2020		2019
Notes receivable	**$**	**89,800**	$	19,950
Less: allowance for doubtful notes		**(29,900)**		-
Less: current portion of notes receivable		**(59,900)**		(19,950)
Notes receivable, net	**$**	**-**	$	-

6. Notes Receivable (continued)

The allowance for doubtful notes activity was as follows:

	2020	2019
Balance at beginning of year	**$ -**	$ 44,850
Provision for doubtful notes	**29,900**	-
Write-offs, net of recoveries	**-**	(44,850)
Balance at end of year	**$ 29,900**	$ -

7. Intangible Assets

The principal asset classifications of intangible assets, at cost, are as follows at December 31, 2020:

	Cost	Acc. Amort.	Net
Proprietary software and database	$ 138,163	$ (131,487)	$ 6,675
Website	6,207	(6,207)	-
Operations Manual	16,633	(12,000)	4,633
Balance, end of year	$ 161,003	$ (149,694)	$ 11,309

The principal asset classifications of intangible assets, at cost, are as follows at December 31, 2019:

	Cost	Acc. Amort.	Net
Proprietary software and database	$ 138,163	$ (125,358)	$ 12,805
Website	6,207	(6,207)	-
Operations Manual	16,633	(10,800)	5,833
Balance, end of year	$ 161,003	$ (142,365)	$ 18,638

For the years ended December 31, 2020 and 2019, amortization expense was $7,329 and $7,329, respectively.

Future estimated amortization expense:	
For year ending December 31, 2021	$ 6,886
For year ending December 31, 2022	2,191
For year ending December 31, 2023	1,200
For year ending December 31, 2024	1,032
Total	$ 11,309

8. Long-Term Debt

For the years ended December 31, 2020 and 2019, the long-term debt consisted of the following:

	2020	2019
Note payable #1	**$ 80,664**	-
Note payable #2	**40,400**	-
Long-term debt	**121,064**	-
Less: current portion of long-term debt	**(62,555)**	-
Long-term debt, net	**$ 58,509**	-

8. Long-Term Debt (continued)

Future maturities of long-term obligations for the years following December 31, 2020 are as follows:

Year ending December 31, 2021	$	62,555
Year ending December 31, 2022		18,109
Year ending December 31, 2023		741
Year ending December 31, 2024		892
Year ending December 31, 2025		926
Thereafter		37,841
Total	$	121,064

Note Payable #1
On April 23, 2020, Showhomes Franchise Corporation received a loan of $80,664 from Truxton Trust Company, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. Monthly principal and interest payments are deferred for six months from the date of the promissory note. The PPP Loan is unsecured, matures on April 23, 2022 and bears interest at a rate of 1% per annum. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties.

Note Payable #2
On June 15, 2020, Showhomes Franchise Corporation received a loan of $40,400 from the Small Business Administration ("SBA"), pursuant to the Economic Injury Disaster Loan (the "EIDL") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. Monthly principal and interest payments are deferred for twelve months from the date of the promissory Note. The EIDL Loan is secured by all tangible and intangibles personal property, matures in June 2050 and bears interest at a rate of 3.5% per annum.

9. Income Taxes

Effective January 1, 2012, the Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal income taxes on the taxable income. Current year tax provision (benefit) is solely associated with the tax attributes of certain assets for the year of the election to the extent these assets have not been taxed at the corporate level.

The Company files income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2017.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Management's determination of the taxable status of the entity, including its status as an S Corporation, a pass through entity, is a tax position that is subject to consideration of uncertainty.

9. Income Taxes (continued)

The Company believes it has complied with all regulations required to maintain the Company's status as an S Corporation and more likely than not, this status would hold up under examination. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020 and 2019.

10. Related Party Transactions

Due to Affiliate
As of December 31, 2020 and 2019, the Company had a payable due to SHM of $40,949 and $42,249, respectively. This related party payable is unsecured, bears no interest, and is due on demand.

Rent to related party
For the years ended December 31, 2020 and 2019, the Company recognized $19,766 and $19,766, respectively, in rent expense paid to an entity in which the Chairman of the Company's Board of Directors is the majority partner.

11. Commitments and Contingencies

Lease
The Company leases its office facilities in Nashville, Tennessee, under a month-to-month leasing arrangement. For the years ended December 31, 2020 and 2019, rent expense was $19,766 and $19,766, respectively.

Litigation
Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

12. Subsequent Events

On February 2, 2021, the PPP loan in the amount of $80,664 and related accrued interest was forgiven by the Small Business Administration ("SBA"). The amount forgiven will be recognized as a gain upon debt extinguishment during the month ending February 28, 2021.

The Company has evaluated subsequent events through June 1, 2021, the date the financial statements were available to be issued.

Showhomes Franchise Corporation

Supplemental Financial Information
Years ended December 31, 2020 and 2019

Schedule I - Other General and Administrative Expenses

For the years ended December 31,	**2020**	2019
Bad debt expense	**$ 22,485**	$ 96,798
Bank charges	**1,941**	4,361
Contributions and gifts	**705**	1,072
Dues and subscriptions	**20,086**	8,156
Insurance	**39,197**	42,681
Miscellaneous	**1,998**	1,530
Office expense	**13,589**	22,381
Postage and delivery	**1,148**	730
Rent	**19,766**	19,766
Repairs and Maintenance	**295**	-
Taxes	**10,139**	5,851
Telephone and internet	**28,634**	30,077
Training	**2,160**	-
Travel	**16,881**	128,431
Total other general and administrative expenses	**$ 179,024**	$ 361,834

THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Showhomes Franchise Corporation
Balance Sheet
As of March 31, 2022

	Mar 31, 22	
ASSETS		
Current Assets		
Checking/Savings		
1011 · NB&T Operating Acct (2269)		149,841.04
1012 · NB&T ADV Fund Acct (2277)		9,154.92
1016 · SHFC Conference Account (7060)		41,580.56
Total Checking/Savings		200,576.52
Accounts Receivable		
1090 · Accounts Receivable		
1091 · A/R from Royalties	55,861.11	
1094 · Ad Fund Receivables	11,134.22	
1096 · Insurance Billings Receivable	5,186.05	
1097.5 · A/R-Fees & Miscellaneous	3,137.56	
1098.5 · Conference Fees Receivable	21,293.29	
Total 1090 · Accounts Receivable		96,612.23
Total Accounts Receivable		96,612.23
Other Current Assets		36,284.30
Total Current Assets		333,473.05
Fixed Assets		6,861.52
Other Assets		227,902.15
TOTAL ASSETS		**568,236.72**
LIABILITIES & EQUITY		568,236.72

Showhomes Franchise Corporation
Profit & Loss
January through March 2022

	Jan - Mar 22
Ordinary Income/Expense	
Income	
4000 · Home Manager Royalties	
4001 · Home Manager Monthly Fee	6,812.09
4002 · Home Manager Initial Fee	125.00
Total 4000 · Home Manager Royalties	6,937.09
4020 · Homeowner Royalties	110,485.66
4030 · National Advertising Fund Reven	27,514.12
4040 · Other Income	44,200.13
4075 · Misc Income	4,106.20
4080 · Insurance Program	14,664.21
Total Income	207,907.41
Gross Profit	207,907.41
Expense	
6000 · Payroll Expense	85,677.15
6060 · Office & Administration	21,227.77
6080 · Insurance Program Expense	16,813.02
6100 · Travel & Entertainment	363.21
6120 · Conferences & Meetings	29,771.28
6140 · Marketing & Advertising	15,329.53
6160 · Professional Services	8,334.50
6175 · National Advertising Fund Exp	38,431.09
6180 · Non-Controllable Expenses	1,054.00
6200 · Financing Costs	373.50
Total Expense	217,375.05
Net Ordinary Income	-9,467.64
Other Income/Expense	1,400.33
Net Income	**-8,067.31**

EXHIBIT B

SHOWHOMES FRANCHISE CORPORATION
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE AGREEMENT

TERRITORY: _____

FRANCHISEE: _____

DATE: _____

SHOWHOMES FRANCHISE CORPORATION
FRANCHISE AGREEMENT

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SHOWHOMES FRANCHISE CORPORATION
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 20__, by and between Showhomes Franchise Corporation, a Georgia corporation ("Franchisor") and _____ ("Franchisee"). All initially capitalized terms used in this Agreement and not otherwise defined shall have the meaning given to them in Article 1 of this Agreement.

R E C I T A L S

A. As the result of the expenditure of time, skill, effort, and money, Franchisor has the right to use and license the use of a distinctive system (hereinafter "System") for the establishment and operation of businesses providing services for residential real properties ("Properties"), including recruiting and placing Home Managers ("Home Managers") in high end residential Properties that are offered for sale to maintain, furnish, and reside in the Properties ("Home Management Services"), delivering residential decoration, staging, furnishings, and other products and services ("Staging Services") to facilitate the sale of Properties and providing services to owners of Properties for home makeovers, restyle, cosmetic home updating-remodeling, remodeling, decorating and updating ("ReStyle and Updating Services (Home Management Services, Staging Services and ReStyle and Updating Services are collectively referred to as "Services" or "Showhomes Services");

B. The distinguishing characteristics of the System include, without limitation, the Showhomes Services; distinctive signage; uniform standards, specifications, and procedures for solicitation, qualification, and placement of Home Managers; quality and uniformity of products and services offered; management and financial control requirements; National Account Programs; training and assistance; advertising and promotional programs; furniture sales and rentals and proprietary systems for collecting, managing, and utilizing essential business information and data; all of which may be changed, improved, and further developed by Franchisor from time to time;

C. Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the "SHOWHOMES" mark and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter referred to as "Marks");

D. The Marks identify for the public, the source of services and products marketed thereunder and under the System, and represent the System's high standards of quality, appearance, and service;

E. Franchisee desires to obtain a license from Franchisor to operate a business offering Services using the System and the Marks (the "Franchised Business") in the Territory (as defined below);

F. Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, and service and the necessity of operating the Franchised Business in conformity with Franchisor's standards and specifications;

G. In reliance on Franchisee's acknowledgments, representations, warranties, and agreements, Franchisor wishes to grant Franchisee a license to operate the Franchised Business in the Territory upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

A G R E M E N T

1. DEFINITIONS

All initially capitalized words and terms used in this Agreement, and not otherwise defined herein, shall have the meanings listed below:

"**Advertising**" shall mean all efforts, including participation in national conferences (excluding Franchisor's annual conference with franchisees), public relations and marketing, to promote brand development and public awareness and acceptance of the System or the Franchised Business, or to stimulate sales or goodwill thereof.

"**Ad Fund**" shall have the meaning set forth in Section 9.2.

"**Affiliate**" shall mean any person or entity controlling, controlled by, or under common control with the named person or entity.

"**Agreement Date**" shall mean the date first set forth above.

"**Confidential Information**" shall include any and all information, knowledge, know-how, techniques, and materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement, including, without limitation, Franchisor's proprietary software; business plans; advertising plans and programs; the Manuals; any written directives and any other manuals or materials of Franchisor and the information contained therein; lists of customers, National Accounts, Home Managers, Properties, and any other information designated by Franchisor as confidential or proprietary.

"**CPI**" shall mean the Consumer Price Index for All Urban Consumers as published by the United States Department of Labor.

"**ReStyle and Updating Services**" shall have the meaning set forth in Recital A.

"**Essential Functions**" shall have the meaning set forth in Section 7.6.

"**Force Majeure**" shall mean acts of God, strikes, lockouts, or other industrial disturbances, war, terrorism, riot, epidemic, fire or other catastrophe or other forces beyond a party's control.

"**Franchised Business**" shall have the meaning set forth in Recital E.

"**General Manager**" shall have the meaning set forth in Section 7.5.

"**Gross Sales**" shall mean the total selling price of all services and products and all revenue of every other kind and nature related to the Franchised Business, without offset of any kind, (including, without limitation, Home Manager fees, administrative fees, homeowner fees, move-out inspection fees, application fees, referral fees, delivery and pickup fees, revenue from the sale or lease of any furniture, accessories or other goods, revenue from the sale of restyle, cosmetic home updating-remodeling decorating, staging, home improvements, photography or other services, and any other revenue related to the Franchised Business), and including the full cash fair market value of any of the foregoing that Franchisee sells in exchange for other goods or services, whether to a third party or to any employee of Franchisee and also includes discounts extended in any non-arms' length transaction, but expressly excluding the following:

(i) Sums representing sales taxes, excise taxes, or duty taxes levied or assessed against Franchisee by any federal, state, municipal, or local authority based on sales of specific merchandise sold at or from the Franchised Business which are collected by Franchisee directly from customers and actually transmitted to the appropriate taxing authority;

(ii) Returns to shippers or manufacturers; and

(iii) Other items that Franchisor may from time to time authorize in writing to be excluded from Gross Sales, which authorization may be revoked or withdrawn at any time in writing by Franchisor in its discretion.

"**Guaranty**" shall mean that certain Guaranty and Assumption of Obligations which follows the signature page of this Agreement.

"**Home Managers**" shall have the meaning set forth in Recital A.

"**Home Management Services**" shall have the meaning set forth in Recital A.

"**Indemnitees**" shall have the meaning set forth in Article 16.

"**Key Personnel**" shall mean Franchisee's Managing Principal, General Manager, and all other personnel performing the essential functions of the Franchised Business as set forth in Section 7.6, or as specified in the Manuals from time to time.

"**Manuals**" shall have the meaning set forth in Section 6.2.

"**Marks**" shall mean the trade names, service marks, trademarks, logos, emblems, and indicia of origin authorized by Franchisor for use in connection with the System, as more particularly described in Article 10.

"**Minimum Royalty**" shall mean the minimum Monthly Royalty that the Franchised Business must pay during each Operating Period as set forth on Attachment F, regardless of the level of Gross Sales achieved.

"**Monthly Report**" shall mean a report prepared by Franchisee, in the form Franchisor requires, itemizing Franchisee's Gross Sales for the preceding month and containing such information regarding Franchisee's operation of the Franchised Business as Franchisor may designate from time to time.

"**National Accounts**" shall have the meaning set forth in Section 2.4.

"**National Account Program**" shall have the meaning set forth in Section 2.4.

"**National Ad Fund**" shall have the meaning set forth in Section 9.2.

"**Office**" shall mean the approved office location described in Section 3.1.

"**Opening Date**" shall have the meaning set forth in Section 3.2.

"**Operating Period**" shall mean each calendar year or portion thereof during the term of this Agreement. The first Operating Period will begin on the Opening Date and each subsequent Operating Period shall begin on January 1 thereafter.

"**Managing Principal**" shall mean the person who has ultimate responsibility for management of the Franchised Business. The qualifications and obligations of the Managing Principal are more specifically described in Section 7.4.

"**Principal**" means any person or entity who directly or indirectly owns an interest in Franchisee. If any corporation or other entity other than a partnership is a Principal Owner, a "Principal Owner" also will mean any shareholder or owner of an interest in such corporation or other entity. If a partnership is a Principal Owner, a "Principal Owner" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of an interest in such general partner. If Franchisee is one or more individuals, each individual will be deemed a Principal Owner of Franchisee

"**Properties**" shall have the meaning set forth in Recital A.

"**Services**" shall mean Home Management Services and Staging Services collectively, as Franchisor may from time to time change, improve, or further develop them, and such additional services as Franchisor may from time to time authorize or prescribe as part of the Showhomes System.

"**Software**" shall mean all computer software required by Franchisor, including the proprietary software described in Sections 6.3 and 8.6 of this Agreement.

"**Staging Services**" shall have the meaning set forth in Recital A and specifically shall include residential ReStyle, cosmetic home updating-remodeling, decoration, staging, furnishings, and other products and services provided to any Properties which are offered or are to be offered for sale, whether or not such products or services are provided in connection with vacant or non-vacant homes and whether or not the Franchisee also provides Home Management Services for such Properties.

"**System**" shall mean the Showhomes franchise system as described in Recital A.

"**Taxes**" means any present or future taxes, levies, imposts, duties, or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

"**Territory**" shall have the meaning set forth in Section 2.2.

"**Website**" shall mean Franchisor's internet website as described in Section 8.11.

2. GRANT

2.1 Grant of Franchise.

Franchisor hereby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to operate a Franchised Business offering Services under the Marks and the System in the Territory in accordance with the terms and conditions set forth in this Agreement.

2.2 Territory.

2.2.1 Franchisee shall be assigned one or more geographic areas of operation that shall be described in Attachment A (collectively and individually, the "Territory"). Franchisee shall offer, sell, and perform the Services solely with respect to Properties located within the Territory unless otherwise approved in writing by Franchisor.

2.2.2 Except as provided in Sections 2.3 and 2.4 of this Agreement, so long as Franchisee is in full compliance with this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, neither Franchisor nor any Affiliate of Franchisor shall establish or operate, or authorize any person or entity other than Franchisee to establish or operate, a Franchised Business in the Territory during the term of this Agreement.

2.3 Reserved Rights.

Notwithstanding the above, Franchisee acknowledges and agrees that:

2.3.1 Franchisor and its Affiliates may establish and operate, and may authorize other persons or entities to establish and operate, Franchised Businesses outside the Territory.

2.3.2 Franchisor and any other authorized person or entity shall have the right, at any time, to advertise and promote the System and Marks in the Territory.

2.3.3 Franchisee shall not receive rights to perform services for any Property in the Territory that are currently under contract with any franchisee. The assignment of rights under such contracts, if any, shall be by a separate written agreement.

2.3.4 Franchisor may operate the National Accounts Program described below.

2.3.5 Franchisor may acquire businesses that are the same as or similar to a Showhomes® business and operate or license such businesses regardless of where such businesses are located, including inside the Territory and Franchisor may be acquired by or merge with any third party which operates or licenses businesses that are the same as or similar to a Showhomes® business regardless of where such businesses are located, including inside the Territory.

2.4 National Account Program.

Franchisor has, and may in the future, develop regional or national customers that own, manage, or control multiple Properties located within and outside of the Territory ("National Accounts"). Franchisor and its Affiliates have the exclusive right to own, manage, or control all National Accounts, and Franchisee agrees to comply with the terms of Franchisor's program for such National Accounts as set forth in this Section 2.4 and the Manuals ("National Account Program").

2.4.1 Franchisee cannot solicit National Accounts without the prior written consent of Franchisor. Franchisee shall comply with the procedures contained in the Manuals or as otherwise specified by Franchisor for identifying and referring National Account business. If Franchisee becomes aware of a prospective National Account located in its Territory, then before soliciting or continuing discussions with the National Account, Franchisee shall provide notice to Franchisor and comply with the National Account solicitation and referral procedure set forth in the Manuals. Franchisor shall from time to time provide to Franchisee a list of existing and proposed National Accounts or otherwise advise Franchisee of the identity of such National Accounts on an ongoing basis.

2.4.2 If Franchisor has or obtains a National Account that has any Properties within the Territory, Franchisee shall use its best efforts to perform the Services for such Properties on the terms and conditions agreed to between Franchisor and the National Account under the National Account Program. Franchisee acknowledges that Franchisor makes no representation or warranty that any specified amount of National Account business will be provided within the Territory or that Franchisor has or may develop National Account customers that own, manage, or control Properties located within the Territory.

3. OFFICE SELECTION AND OPENING DATE

3.1 Home Office Warehouse.

Franchisee shall propose a suitable location to serve as warehouse space for the Franchised Business, and obtain Franchisor's written consent to the proposed locations. Written consent must be obtained prior to signing any lease or other binding agreement for the locations. Franchisor will not unreasonably withhold its consent to the office location. If approved, it shall be designated as the "Warehouse."

3.1.1 The office may be a residence ("Home Office"), but in such case Franchisor may require that Franchisee maintain a post office box or other permanent business mailing address and also secure access as needed to an executive suite or similar facility.

3.1.2 Franchisee shall not relocate the Home Office or Warehouse without the express prior written consent of Franchisor. Franchisee assumes all cost, liability, expense, and responsibility for locating, obtaining, and equipping and Office. If Franchisee acquires any additional Territory, Franchisor may require that Franchisee open a branch Office and/or Warehouse to serve each additional Territory.

3.1.3 Franchisee shall not operate any other business at or from the Home Office and/or Warehouse without Franchisor's prior written consent. Franchisee acknowledges that Franchisor's consent to a warehouse location and the rendering of assistance in the selection of a warehouse location does not constitute a representation, promise, warranty, or guarantee by Franchisor that the Franchised Business operated from the Warehouse will be profitable or otherwise successful.

3.2 Opening Date.

Franchisee shall at all times utilize full time best efforts as set forth in Section 7.1 and shall open the Office and begin operation of the Franchised Business by the date set forth in Attachment A to this Agreement, or if no date is specifically set forth therein, within 90 days after the execution of this Agreement (in either case, the "Opening Date"). Franchisee acknowledges that time is of the essence. Franchisee's failure to commence business within the time period set forth herein shall be deemed a material event of default under this Agreement.

3.2.1 Before the Opening Date, Franchisee shall complete to Franchisor's satisfaction all preparations for opening the Franchised Business, including completion of training, hiring of personnel, installation of all necessary equipment, fixtures, furnishings, computer hardware, Software, and signs at the Office in accordance with Franchisor's standards and specifications, and all other pre-opening obligations of Franchisee, including, but not limited to, those described in Article 7 of this Agreement.

3.2.2 Franchisee shall not open or begin operating the Franchised Business (including, but not limited to, soliciting business and negotiating and entering into contracts with Realtors, homeowners, and Home Managers), until it receives the written authorization of Franchisor. Franchisor's authorization to begin operations shall be conditioned upon Franchisee's strict compliance with this Agreement. If Franchisee fails to comply with any of its pre-opening obligations, Franchisor shall have the right to prohibit Franchisee from opening business and Franchisor, without limiting its rights hereunder, may require Franchisee to pay to Franchisor all revenues derived from any operations prior to authorization.

4. TERM AND RENEWAL

4.1 Term.

Unless sooner terminated as provided in Article 18 of this Agreement, the term of this Agreement shall begin on the Agreement Date and continue until the date ten years from the Agreement Date.

4.2 Renewal.

Franchisee may, at its option, renew its franchise rights for two additional consecutive terms of five years each, subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of renewal:

4.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than seven months nor more than twelve months prior to the end of the initial term or first renewal term, as applicable;

4.2.2 Franchisee shall, at Franchisee's cost and expense, (i) repair or replace all equipment (including computer hardware and Software) and supplies, and other products and materials required for the operation of the Franchised Business as Franchisor may require, (ii) obtain any new or additional equipment (including computer hardware and Software) signs, fixtures, furnishings, supplies, and other products and materials which may be required by Franchisor for Franchisee to offer and sell different or additional Services, and (iii) otherwise conform the Franchised Business to reflect the then-current standards and image of the System;

4.2.3 Franchisee shall not be in material default of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates; and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

4.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates under this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates and shall have timely met those obligations throughout the terms thereof;

4.2.5 Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Office premises or obtain Franchisor's consent to relocate the Office;

4.2.6 Franchisee shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement;

4.2.7 Franchisee shall pay to Franchisor, in lieu of an initial franchise fee, a renewal fee of $5,000 per Territory to be included in the renewal franchise agreement, however Franchisor will waive such fee if Franchisee executes the franchise agreement without changes or requests for changes;

4.2.8 Franchisee and the Principals shall execute a general release of any and all claims against Franchisor and its Affiliates, and the respective current and former officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state, or local laws, rules, regulations, or orders;

4.2.9 Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

4.2.10 Franchisee and Franchisor shall have agreed upon the Minimum Royalty applicable during the renewal term.

5. FEES

5.1 Franchise Fee.

Upon execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee in the amount of $49,900. The initial franchisee fee shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise and for its lost or deferred opportunity to grant the franchise to someone else.

5.2 Royalty.

During the term of this Agreement, Franchisee shall pay to Franchisor, in accordance with the terms and conditions set forth below, a continuing royalty fee (the "Royalty") in an amount equal to the greater of (a) 10% of Franchisee's monthly Gross Sales, or (b) the Minimum Royalty prescribed in Attachment F.

5.3 Minimum Royalty.

Franchisee must pay at least the Minimum Royalty required during each Operating Period. Franchisor makes no representation, warranty, or guarantee, express or implied that Franchisee will achieve any specific Gross Sales during any Operating Period.

5.4 Increased Royalty.

Without limiting Franchisor's rights under Section 18.3.1, if Franchisee derives any Gross Sales as a result of, or in connection with, any services that Franchisee or any owner performs inside other franchisees' territory, Franchisee will owe compensation (up to 100% of Gross Sales earned, as Franchisor determines) to the franchisee whose territory was infringed upon, unless otherwise agreed upon between Franchisee and the other franchisee. The demand for restitution compensation under this Article 5.4 with respect to business conducted by the Franchisee inside other franchisees' territory shall not, under any circumstances, be a waiver by Franchisor of the Franchisee's obligation to conduct its business only within the Territory or a waiver by Franchisor of any breach of such obligation. Franchisee may never solicit or serve customers in any other franchisee's territory.

5.5 National Account Placement Fee.

Franchisee shall pay to Franchisor a one-time National Account placement fee in the then-current amount provided for under the National Account Program for each Property made available to Franchisee under the National Account Program. Such fee shall be paid at the time Franchisee places a Home Manager in the Property.

5.6 Other Fees.

Franchisee shall pay such other fees or amounts described in this Agreement, including, without limitation, the Technology Fee under Section 8.6, contributions to the Ad Fund under Section 9.2., and payments for local advertising under Section 9.3.

5.7 Monthly Reports.

Franchisee shall deliver to Franchisor by the method designated by Franchisor (which may include, without limitation, electronic transmission, facsimile, or overnight courier) Franchisee's Monthly Report no later than the fifth day of each month during the term of this Agreement.

5.8 Time of Payment.

The Royalty and all other monthly payments required by this Agreement shall be due and payable to Franchisor on or before the fifth day of each month in cash at the address set forth in Section 20.1 of this Agreement or, upon at least 30 days' prior written notice by Franchisor, as otherwise provided in Section 5.11 of this Agreement.

5.9 No Set-off.

Franchisee shall not be entitled to withhold payments due Franchisor under this Agreement on any grounds, including, without limitation, the alleged nonperformance by Franchisor hereunder.

5.10 Late Fees; Non-Compliance Fees; Interest.

Any payment or report not actually received by Franchisor on or before such the due shall be deemed overdue. Time is of the essence with respect to all payments and obligations under this Agreement.

5.10.1 If Franchisee fails to make any Monthly Report by the due date, Franchisee will pay a late fee equal to the greater of $250 or 10% of the overdue amount. If Franchisee fails to make any Royalty or other payment by the due date, Franchisee will pay a late fee equal to the greater of $250 or 10% of the overdue amount.

5.10.2 Franchisee agrees to pay to Franchisor a Non-Compliance Fee if Franchisee fails to comply on a timely basis with certain obligations under this Agreement or the Manuals as consideration for the expenses Franchisor incurs in addressing Franchisee's failure to comply with the terms of this Agreement. All Non-Compliance Fees shall be imposed according to the schedule stated in the Manuals, and in no event will exceed $500 per occurrence.

5.10.3 In addition to the late fees provided for above, all unpaid obligations under this Agreement shall bear interest at the lesser of 18% annually or the maximum rate permitted by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate permitted by applicable law. If for any reason interest in excess of the maximum rate permitted by applicable law shall be deemed charged, required, or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

5.9.4 The fees and interest described in this Section 5.10 shall in no way limit Franchisor's rights in Section 18 to put Franchisee in default or terminate the Agreement.

5.11 EFT Authorization.

Upon execution of this Agreement or, if not required by Franchisor upon execution of this Agreement within 10 days following Franchisor's written notice requiring execution, Franchisee shall execute the EFT Authorization Form attached to this Agreement as Attachment C, allowing Franchisor to withdraw funds from Franchisee's designated bank account each month in the amount of the Royalty and other monthly fees described herein by electronic funds transfer ("EFT").

5.11.1 Withdrawals may be made on the fifteenth (15th) day of each month for the amount of the Royalty and other amounts due with respect to Franchisee's Gross Sales for the

preceding month, provided such day is a business day (and if not a business day, on the next succeeding business day).

5.11.2 If Franchisee's Monthly Report is not received timely, then Franchisor may withdraw funds for the then-current month's Royalty in an amount equal to the preceding month's Royalty or based on the information regarding Franchisee's Gross Sales reflected in the most recent Monthly Report provided by Franchisee or obtained by Franchisor in the manner contemplated by Section 5.7 of this Agreement. Withdrawals for other amounts due may be based on information regarding Franchisee's Gross Sales obtained by either method authorized above. If a Monthly Report for the subject month is subsequently received and reflects (i) that the actual amount of Royalty and other fees due was more than the amount withdrawn by Franchisor, then Franchisor shall be entitled to withdraw additional amounts by EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the Royalty or other fee due was less than the amount withdrawn by Franchisor, then Franchisor shall credit the excess amount to the payment of Franchisee's next accruing Royalty or other obligations.

5.11.3 Should any withdrawal not be honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment, plus a late fee as described in Section 5.10.1, plus any additional service charge that may be charged by the bank. At all times following Franchisee's execution of the EFT Authorization Form (or, if Franchisee fails or refuses to execute such Form, following Franchisor's notice to do so), Franchisee agrees that it shall maintain a minimum balance of $2,500 in Franchisee's designated bank account.

5.11.4 If the Royalty and other fees are not received when due, interest will be charged in accordance with Section 5.10.3.

5.11.5 It is the parties' intent that Franchisor shall receive all amounts due under this Agreement net of taxes except for taxes that may be characterized as an income tax on Franchisor's net taxable income. Therefore, Franchisee agrees to pay Franchisor such additional amounts as may be necessary in order that Franchisor receives the same net amount Franchisor would have received under this Agreement had no such taxes (except for taxes that may be characterized as net income tax on Franchisor's net taxable income) been applicable to such payments).

6. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide the services described below with regard to the Franchised Business:

6.1 Manuals.

Access to confidential operations manuals and such other manuals and materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), or access to such Manuals in electronic form, as more fully described in Section 11.1. The Manuals will contain mandatory and suggested specifications, standards and operating procedures that Franchisor develops for the Franchised Business. Any required specifications, standards and operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

6.2 Computer Hardware and Software.

Access to any customized computer Software and hardware developed for use in the operation of the Franchised Business. Franchisor shall also make available to Franchisee, at a reasonable

cost, upgrades, enhancements, or replacements to the Software and hardware, if any, that are developed from time to time by or on behalf of Franchisor. Franchisor may also from time to time, in its discretion, provide Franchisee with access to certain customized computer hardware to Franchisee.

6.3 On-Site or Virtual Inspections.

Periodic visits to the Territory, including, inspections and evaluations of the Services offered, sold, and performed therein, as deemed necessary by Franchisor and as more fully described in Section 8.5.

6.4 Marketing Materials.

Advertising and promotional materials and information that Franchisor may develop from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business. Franchisor shall have the right to review and approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Article 9.

6.5 Consultation.

Advice and written materials concerning techniques of managing and operating the Franchised Business that Franchisor may develop from time to time, including additions to, and changes, developments, and improvements in the Services.

6.6 Suppliers.

A list of approved suppliers as described in Section 8.4 from time to time as Franchisor deems appropriate.

6.7 Initial Training.

Initial training for Franchisee's Key Personnel and such other training programs as Franchisor deems appropriate, all as set forth in Section 7.8.

6.8 Opening Assistance.

Training and assistance in accordance with the provisions of Section 7.8.

6.9 Advertising.

Establishment and administration of an Ad Fund and placement of other business listings at Franchisor's discretion in accordance with Article 9.

6.10 Website.

Establishment and administration of the Website.

6.11 National Accounts Program.

Administration of the National Account Program, provided that this may be further developed, suspended, or discontinued as determined by Franchisor in its sole discretion.

6.12 Annual Conference.

At Franchisor's option, hold an annual conference for Showhomes® franchisees, with programs that may include sales and marketing techniques, performance standards and specifications, advertising programs, training initiatives, among other subjects Franchisor determines.

7. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Maximization of Revenues.

Each of Franchisee and the Principals covenants and agrees that it shall make all commercially reasonable efforts to operate the Franchised Business in the Territory so as to achieve maximum revenues within the System. Without limiting the foregoing, "commercially reasonable business efforts" shall require, at a minimum, full-time work, at least 80 hours per week in total, by two persons (or the total of two full time equivalents (FTEs)) in the Franchised Business, as more fully set forth in Section 7.3.4.

7.2 Business Entity Representations.

If Franchisee is a corporation, partnership, or limited liability company, Franchisee and the Principals represent, warrant, and covenant that:

7.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

7.2.2 Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

7.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchised Business, unless otherwise consented to in writing by Franchisor;

7.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or limited liability company, are permitted under Franchisee's organizational documents and have been duly authorized by Franchisee;

7.2.5 Copies of Franchisee's organizational documents and any amendments thereto and resolutions or consents authorizing the entry into and performance of this Agreement shall have been furnished to Franchisor prior to the execution of this Agreement and will be furnished thereafter from time to time as Franchisor may request, together with any certificates or other documents as may be reasonably required by Franchisor;

7.2.6 The ownership interests in Franchisee are accurately and completely described in Attachment B. Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any interest in Franchisee and shall make its list of owners available to Franchisor upon request;

7.2.7 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities or other ownership interests and each certificate representing an ownership interest in Franchisee shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Article shall not apply to the transfer of equity securities of a publicly-held corporation. Franchisee's written organizational documents shall provide that ownership of an interest in Franchisee is held subject to all restrictions imposed upon assignments by this Agreement;

7.2.8 Franchisee and, at Franchisor's request, each of the Principals, have provided Franchisor with the most recent financial statements and tax returns of Franchisee and its

Principals. Such financial statements present fairly the financial position of Franchisee and each of the Principals, as applicable, at the dates indicated therein, and with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Franchisee agrees that it shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement. Each of the financial statements mentioned above has been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments, or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent, or otherwise, which are not reflected as liabilities on the financial statements of Franchisee or the Principals;

7.2.9 If, after the execution of this Agreement, any person ceases to qualify as one of Franchisee Principals or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by Franchisor qualify him as one of Franchisee Principals, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Franchisee Principals or as a Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by Franchisor to be executed by others in such positions;

7.2.10 The Principals and the Principal's spouses shall, jointly and severally, guarantee Franchisee's performance of all of Franchisee's obligations, covenants, and agreements hereunder pursuant to the terms and conditions of the Guaranty and shall otherwise bind themselves to the terms of this Agreement as stated therein, and Franchisee's officers, directors and General Manager who are not designated as Principals shall each execute and bind themselves to a confidentiality and noncompetition agreement.

Franchisee and the Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 7.2.1 through 7.2.10 are continuing obligations of Franchisee and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and the Principals will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties, and covenants.

7.3 Key Personnel.

The Franchisee shall designate and retain all personnel necessary to operate the Franchised Business. The Managing Principal, General Manager, and all persons performing Essential Functions (as defined below) and shall be deemed Key Personnel. Franchisor may designate additional employees as Key Personnel in accordance with the Manuals from time to time. Each of the Key Personnel shall:

7.3.1 Satisfy Franchisor's educational and business experience criteria as set forth in the Manuals or otherwise in writing by Franchisor;

7.3.2 With respect to the Managing Principal and the General Manager, be an individual acceptable to Franchisor;

7.3.3 Satisfy the training requirements set forth in Section 7.8; and

7.3.4 Meet the other requirements set forth in Sections 7.4, 7.5, 7.6, and 7.7 as applicable.

Franchisee may allow an employee to perform more than one function so long as Franchisee ensures that such functions are performed to meet or exceed Franchisor's minimum standards described in the Manuals or elsewhere in writing. Franchisee shall at all times employ Key Personnel (a) sufficient to effectively perform all Essential Functions and (b) equal to at least a full-time General Manager plus one full time personnel equivalent. If, during the term of this Agreement, any person designated as Key Personnel ceases to serve in such capacity, Franchisee shall immediately notify Franchisor and designate a replacement within sixty (60) days, such replacement being subject to the same qualifications listed herein. Franchisee shall provide for interim management of the Franchised Business in compliance with this Agreement until such replacement is so designated. Any failure to comply with the requirements of this Section 7.3 or of Sections 7.4, 7.5, 7.6, and 7.7 shall be deemed a material event of default under this Agreement.

7.4 Managing Principal.

Simultaneously with the execution of this Agreement, Franchisee shall designate and shall during the term of this Agreement retain an individual to be the Managing Principal. The Managing Principal shall, unless Franchisor otherwise agrees in writing, serve as General Manager of the Franchised Business. The Managing Principal shall, during the entire period he or she serves as such, meet the following qualifications:

7.4.1 If Franchisee is an individual, Franchisee shall perform all obligations of the Managing Principal. If Franchisee is not an individual, the Managing Principal must maintain a direct or indirect ownership interest in Franchisee. Except as may otherwise be provided in this Agreement, the Managing Principal's interest in Franchisee shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest, or purchase right or options.

7.4.2 The Managing Principal shall perform the duties of the General Manager (unless Franchisor otherwise consents in writing) and may fulfill any of the other Essential Functions.

7.4.3 The Managing Principal (so long as he or she also serves as General Manager) shall devote his or her full time and best efforts to the supervision and conduct of the Franchised Business. If the Managing Principal does not also serve as the General Manager, the Managing Principal shall devote such supervisory attention to the operation of the Franchised Business as may be necessary to ensure the operation of the Franchised Business in compliance with the terms of this Agreement. The Managing Principal shall execute this Agreement as one of the Principals, and shall be individually, jointly, and severally, bound by all obligations of Franchisee, the Managing Principal, and the Principals hereunder.

7.5 General Manager.

Concurrently with the execution of this Agreement Franchisee shall designate and shall during the term of this Agreement retain a General Manager. The General Manager shall be responsible for the day-to-day operation of the Franchised Business and shall supervise all other personnel hired by Franchisee to operate the Franchised Business.

7.6 Essential Functions.

The Essential Functions of the Franchised Business shall be set forth in the Manuals from time to time.

7.7 Other Personnel.

Franchisee shall also designate and retain such other personnel as Franchisee deems necessary for the operation and management of the Franchised Business. Franchisee shall hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment and compensation, and all personnel decisions respecting Franchised Business employees without any influence or advice from Franchisor.

7.8 Training.

Franchisee agrees that it is necessary to the continued operation of the System and the Franchised Business that Franchisee's personnel receive such training as Franchisor may reasonably require. Franchisee acknowledges that failure to meet these requirements shall be considered a material breach of this Agreement.

7.8.1 Prior to the Opening Date, each of Franchisee's Key Personnel shall attend and complete, to Franchisor's satisfaction, Franchisor's initial training as applicable from time to time for each position. Training shall be conducted by Franchisor or its designee at Franchisor's headquarters in Nashville, Tennessee, or virtually designated by Franchisor. Franchisor shall provide instructors and training materials for training the Managing Principal and two additional employees of Franchisee at no charge to Franchisee. Training for additional employees shall be at Franchisee's expense.

7.8.2 Franchisor shall determine, in its sole discretion, whether each person required to complete initial training has satisfactorily completed the training. If any person fails to satisfactorily complete, or if Franchisor, in its reasonable business judgment, determines that such person cannot satisfactorily complete the training, Franchisee shall designate a replacement for that person. Any such replacement must satisfactorily complete the training. Any person Franchisee designates as one of the Key Personnel shall also complete initial training within the timeline Franchisor designates.

7.8.3 All Franchisee personnel shall satisfactorily complete, in Franchisor's sole judgment, which may be determined by examination or other proof of proficiency, such additional training as Franchisor may require from time to time, including Franchisee's participation in all assignments, exercises and discussions during Franchisee's first year of operation. Franchisor reserves the right to impose a reasonable fee for such additional training.

7.8.4 Franchisor also reserves the right to charge a reasonable fee for any initial training provided by Franchisor to any replacement or successor Key Personnel, or to personnel other than Key Personnel. For all initial and additional training, Franchisee shall be responsible for all expenses incurred by Franchisee or its personnel in connection with the training, including, without limitation, costs of travel, lodging, meals, and wages.

7.8.5 At Franchisor's option, Franchisor shall provide Franchisee with a trained representative of Franchisor (which need not be an employee of Franchisor) to assist in the operation and development of the Franchised Business at no charge. The representative will provide field training, supervision, and assistance to Franchisee for a period up to five days. The time and duration of such assistance (if any) shall be determined by Franchisor based upon its assessment of Franchisee's operational requirements.

7.8.6 Upon the reasonable request of Franchisee, or as Franchisor deems appropriate, Franchisor shall, during the term of this Agreement but subject to the availability of personnel,

provide Franchisee with additional trained representatives who shall provide training at Franchisor's headquarters or additional field training to Franchisee's personnel. Franchisee shall pay the fees then being charged to franchisees under the System for the services of such trained representatives, and if travel to Franchisee's Territory is required, their costs of travel, lodging, meals, and wages. Such additional training that Franchisor requires may include regional conferences or virtual training. Franchisee is responsible for all conference fees and all travel, lodging, meals and wages for the individuals attending such conferences.

7.8.7 Notwithstanding the above, upon the request of Franchisor and at all times subject to Franchisor's approval, Franchisee shall, at its expense, conduct initial training and other training prescribed by Franchisor for any replacement or successor Key Personnel and any other personnel of Franchisee. In such event, Franchisee may be required to have any person that provides such training obtain Franchisor's training certification. Franchisee shall pay a reasonable fee to Franchisor in connection with obtaining training certification for any of its personnel.

7.8.8 Franchisor reserves the right to substitute other training or assistance for any training or assistance described above if Franchisor determines that such substitutions are likely to achieve equivalent or better results.

7.8.9 Franchisor may hold an annual conference for Showhomes® franchisees. Franchisee agrees to attend the annual conference at a location Franchisor designates. Franchisee agrees to pay all expenses of attending, including travel, lodging, and food. Franchisor reserves the right to charge Franchisee a reasonable fee for Franchisee to attend the annual conference.

7.9 Compliance with Laws and Regulations.

Franchisee shall be aware of and comply with all requirements of federal, state, and local laws, rules, regulations, and orders, including any requirements related to labor and employment laws, and licensing of real estate agents, brokers, or rental agents, or property managers if such are deemed applicable to the Franchised Business. Franchisee must comply with all laws and regulations related to privacy and data protection, including the Payment Card Industry (PCI) Data Security Standards, and must comply with any privacy policies or data protection or breach response policies Franchisor periodically may establish. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Franchised Business. Any expense associated with this obligation, including attorney's fees and license fees and interest on such fees, are Franchisee's sole responsibility.

7.10 Non-Discrimination.

Without limiting the preceding Section, Franchisee shall not discriminate in its employment or other business dealings on the basis of race, gender, national origin, religion, sexual orientation, family status, or any other protected class under federal, state, or local law.

8. FRANCHISED BUSINESS OPERATIONS

8.1 Compliance with System.

Franchisee acknowledges the importance of maintaining uniformity among all of the Franchised Businesses and agrees to comply with all of Franchisor's standards and specifications relating to the operation of the Franchised Business. Franchisor will, however, give reasonable consideration to, and will not unreasonably withhold approval for, variances that may be required to meet local conditions or special circumstances.

8.2 Office Condition and Equipment.

Franchisee shall maintain the appearance of the Office so that it reflects the high standards of quality associated with the System and shall operate the Franchised Business so that it conforms at all times to System standards. Without limiting the foregoing, Franchisee shall repair or replace any signs, furnishings, equipment, and other items (including, but not limited to, computer hardware and Software) that have become obsolete or that no longer meet Franchisor's standards.

8.3 Upgrades and Additions.

Franchisee shall, at Franchisor's request, make such improvements to the Franchised Business as may be required to meet Franchisor's then-current standards and specifications, including, at Franchisee's cost and expense, obtaining any new or additional equipment, products, or other items (including computer hardware and Software) which may be required by Franchisor to deliver the Services or to otherwise enhance the competitive position of the Franchised Business.

8.4 Product and Supplier Approvals.

Franchisee shall comply with all of Franchisor's standards and specifications for the products or services offered for sale by and the products and services (including computer hardware and Software), and other items used in the Franchised Business. If Franchisor requires, Franchisee shall use only those brands or types of products and services specified by Franchisor and shall obtain such items only from those suppliers (including manufacturers, distributors, and other sources which may include or be limited to Franchisor and its Affiliates) who demonstrate the ability to meet Franchisor's then-current standards and specifications and who have been approved or designated by Franchisor. Approved suppliers are those who possess adequate quality controls and the capacity to supply franchisees needs promptly and reliably; have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier; and have not thereafter been disapproved by Franchisor.

8.4.1 If Franchisor requires that a particular product or service be used or that these be obtained from an approved source of supply, and Franchisee desires to use another item or to obtain the specified product or service from an unapproved supplier, Franchisee shall first submit to Franchisor a written request for approval or shall have supplier do so. Franchisee shall not purchase or lease any unapproved product or service until and unless the supplier has been approved by Franchisor in writing.

8.4.2 In considering whether to grant approval, Franchisor shall have the right to require that its representatives be permitted to evaluate the product or service. A charge, not to exceed the reasonable cost of the evaluation, shall be paid by Franchisee or the supplier. Franchisor shall notify Franchisee of its approval or disapproval of a proposed alternative item or supplier within 30 days after Franchisor completes its evaluation. Franchisor reserves the right, at its option, to re-evaluate from time to time the products and services of any approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. If approval is revoked, Franchisee agrees to promptly discontinue its use of the disapproved product, service or supplier. Nothing in the foregoing shall be construed to require Franchisor to approve any particular product, service or supplier.

8.5 Compliance with Standards.

To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may periodically require as described in writing. In particular, Franchisee also agrees:

8.5.1 To sell and offer for sale all Services required by Franchisor; to provide all Services in the manner prescribed by Franchisor and in accordance with Franchisor's procedures contained in the Manuals or other written directives, and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming products or services, without Franchisor's prior written consent.

8.5.2 To sell and offer for sale only the Services that have been expressly approved in writing by Franchisor; and to discontinue selling and offering for sale Services which Franchisor may, in its sole discretion, disapprove in writing at any time.

8.5.3 To use at all times only such forms (including, without limitation, contracts for providing Services), materials, equipment, supplies, and other items forms that conform to Franchisor's standards and specifications;

8.5.4 To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including computer hardware and Software), signs, and other items as Franchisor may direct from time to time in the Manuals or otherwise in writing; and, without Franchisor's prior written consent, to refrain from installing or permitting to be installed, any fixtures, furnishings, equipment, signs, or other items not previously approved as meeting Franchisor's standards and specifications.

8.5.5 To comply with Franchisor's standards of quality for the Services provided and to submit to inspections and cooperate fully in inquiries and surveys designed to assure such compliance.

8.5.6 To grant Franchisor and its agents the right at any time to conduct inspections and evaluations of the Franchised Business and, in furtherance of such right, to enter the Office premises and the premises of any Property for which Services are provided; to cooperate with Franchisor's representatives in such inspections and evaluations by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand.

8.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

8.6 Computer Systems and Related Requirements.

Franchisee agrees to use the computer hardware and Software and web-based programs that Franchisor specifies from time to time for use in the operation of the Franchised Business. Franchisee acknowledges that Franchisor may require Franchisee to obtain specified computer hardware and Software, (including, without limitation, a license to use proprietary software developed by Franchisor or others) and to obtain replacements therefor or modifications or enhancements thereto from time to time. Franchisee further acknowledges that such requirements may cause Franchisee to incur costs to purchase, lease, or license new or modified computer hardware and Software and to obtain service and support for the computer hardware and Software during the term of this Agreement. Franchisee understands that Franchisor cannot estimate the future costs of the computer hardware and Software (or additions or

modifications thereto) required to operate the Franchised Business and that the cost to Franchisee of obtaining the required computer hardware or Software (including software licenses or additions or modification thereto) may not be fully amortizable over the remaining term of this Agreement. Nonetheless, Franchisee agrees to incur such costs. Within 60 days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the computer hardware and Software that Franchisor requires. Franchisee further agrees that Franchisor has the right to charge a reasonable fee ("Technology Fee") for web-based programs, Software, or systems modifications and enhancements that are licensed to or used by Franchisee and other maintenance and support services that Franchisor or its Affiliate furnishes to Franchisee. Without limitation of the foregoing, Franchisee shall:

8.6.1 If required by Franchisor, enter into a software license agreement with Franchisor in substantially the form attached as Attachment E for the license of certain proprietary computer software that Franchisor will provide for the operation of the Franchised Business.

8.6.2 Install and maintain a high-speed internet or other connection, in accordance with Franchisor's specifications, to permit Franchisor at all times to access the computer hardware and the Software licensed to Franchisee, thereby permitting Franchisor to inspect and monitor electronically information concerning the Franchised Business and such other information as may be contained or stored in such computer hardware and Software and to enable Franchisee to utilize Franchisor's electronic systems for collecting, reporting, and utilizing business information. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures or attacks.

8.7 Advertising Materials.

Franchisee agrees that all Advertising, promotional materials, signs, decorations, forms, stationery, and other materials used in the Franchised Business shall conform fully with Franchisor's standards and specifications and shall bear the Marks in the exact form, color, location, and manner prescribed by Franchisor. Franchisee agrees that all utilization of social and networking websites, weblogs, and similar media by Franchisee, its Principals, and employees that in any way mention the Franchised Business will conform to Franchisor's standards set forth in the Manuals.

8.8 Complaints.

Franchisee shall process and satisfactorily handle all complaints connected with or relating to the Franchised Business, and shall immediately notify Franchisor by telephone and in writing of all of the following complaints ("Material Complaint"): (i) safety or health violations, (ii) claims alleging discrimination based on race, gender, national origin, religion, sexual orientation, family status, or any other protected class under federal, state, or local law, (iii) claims exceeding $1,000, and (iv) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain for Franchisor's inspection any reports in any way affecting the Franchised Business during the term of this Agreement and for 30 days after the expiration or earlier termination hereof. Without limiting Franchisor's rights to indemnification under this Agreement, if Franchisee receives more than three Material Complaints in any calendar year, Franchisor may charge Franchisee $250 for each additional Material Complaint received thereafter during the term of this Agreement, which fee is intended to defray Franchisor's expenses in assisting with handling of such complaints.

8.9 Vehicles.

Any vehicle used by Franchisee in the operation of the Franchised Business shall meet Franchisor's standards with respect to appearance and shall have the ability to satisfy the requirements imposed on Franchisee hereunder. Franchisee shall keep such vehicle clean and in good working order. Franchisee shall not engage or utilize any individual to operate a vehicle used in the Franchised Business who is under the age of 18 years (or the legal driving age, if greater) or who does not possess a valid driver's license under the laws of the state in which the Franchised Business is located. Franchisee shall require each such individual to comply with all laws, regulations, and rules of the road and to use due care and caution in the operation and maintenance of the vehicles. Except as noted above, Franchisor does not exercise control over any vehicle utilized by Franchisee.

8.10 Fees for Services.

Franchisee shall provide and shall charge a fee for all Services authorized from time to time by Franchisor. Franchisor may from time to time provide Franchisee a suggested fee schedule for the Services and may otherwise establish the prices charged by Franchisee to the extent permitted by applicable law.

8.11 Internet Website.

8.11.1 Franchisor has established and maintains, or may establish and maintain, an internet website (the "Website") that provides information about the System and the Services. Franchisor will have sole discretion and control over the Website (including timing, design, contents, and continuation). Franchisor may use part of Franchisee's contributions to the Ad Fund collected under Article 9 to pay or reimburse the costs associated with the development, maintenance, and update of the Website. Franchisor also may, at its option, host and control a website promoting Franchisee's Franchised Business. If Franchisor hosts a website promoting Franchisee's Franchised Business, Franchisee must provide Franchisor with content for that website.

8.11.2 Franchisor also may (but is not required to) develop an intranet network through which Franchisor and its franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an intranet network, Franchisee agrees to use the facilities of such intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manuals (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). Franchisee shall utilize Franchisor's email exclusively in the conduct of the Franchised Business as prescribed in the Manuals.

8.11.3 Franchisee shall not erect or maintain any website that in any way pertains to the Franchised Business other than the Website.

8.12 Franchisee's Hiring and Training of Employees

Franchisee will hire all employees of the Franchised Business, and be exclusively responsible for the terms of their employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Franchised Business employees without any influence or advice from Franchisor. Franchisee will implement a training program for Franchised Business employees in compliance with Franchisor's requirements. Franchisee will maintain at all times a staff of trained employees sufficient to operate the Franchised Business in compliance with Franchisor's standards.

9. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

9.1 Advertising Programs.

Franchisor may from time to time develop and administer Advertising programs designed to promote and enhance the collective success of all businesses operating under, or related to, the System. Franchisee shall participate in all such Advertising programs in accordance with the terms and conditions established by Franchisor for each program. All aspects of these programs, including, without limitation, the type, quantity, timing, placement, and choice of media, market areas, and advertising agencies, shall be in the sole discretion of Franchisor and final and binding upon Franchisee.

9.2 National Advertising Fund.

Franchisor has the right to establish an advertising fund for the purpose of marketing and advertising the System on a national basis (the "National Branding Fund" or "Ad Fund"). Franchisee will contribute to the Ad Fund the greater of (a) the designated percentage of Franchisee's Gross Sales for the preceding month then in effect for Ad Fund contributions or (b) the Minimum Ad Fund Contribution. The current designated Ad Fund contribution rate and the Minimum Ad Fund Contribution are both stated in Attachment F. Franchisor may, in its discretion, designate a different Ad Fund contribution percentage rate and Minimum Ad Fund Contribution by giving Franchisee at least 30 days' notice. In no event, however, will the designated Ad Fund contribution rate exceed 4%, nor will the Minimum Ad Fund Contribution exceed $280. All such contributions shall be paid at the same time and in the same manner as Franchisee's Royalty payment. The Ad Fund shall be maintained and administered by Franchisor or its designee as follows:

9.2.1 Franchisor shall direct all Fund programs and shall have sole discretion to approve or disapprove the creative concepts, materials, and media used in such programs as well as their placement and allocation. Franchisee agrees and acknowledges that the Ad Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all businesses operating under the System. Franchisor shall, with respect to Showhomes Businesses operated by Franchisor or any Affiliate, contribute to the Ad Fund on the same basis as Franchisee. In administering the Ad Fund, Franchisor undertakes no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

9.2.2 Franchisee agrees that the Ad Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing Advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine, newspaper, and web advertising campaigns; public relations and other marketing; direct mail and outdoor billboards; employing agencies to assist therein; and costs of Franchisor's personnel and other departmental costs for marketing that is internally administered or prepared by Franchisor).

9.2.3 All contributions to the Ad Fund shall be maintained in a separate account by Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Ad Fund and Advertising programs for franchisees and the System. The Ad Fund and its earnings shall not otherwise inure to the benefit

of Franchisor. The Ad Fund is operated solely as a conduit for collecting and expending the Advertising contributions as outlined above.

9.2.4 Franchisor may spend, on behalf of the Ad Fund, in any fiscal year an amount greater or less than the aggregate contributions of all businesses operating under the System to the Ad Fund in that year, and the Ad Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Ad Fund will be used to pay Advertising costs before other assets of the Ad Fund are expended. A statement of the operations of the Ad Fund, which may be unaudited, shall be prepared annually by Franchisor and shall be made available to Franchisee upon request.

9.2.5 Franchisor reserves the right, upon 30 days' prior written notice, to defer, reduce, or suspend contributions to and to suspend operations of, the Ad Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Ad Fund (and, if suspended, deferred, or reduced, to reinstate such contributions). If the Ad Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Ad Fund in proportion to their respective contributions to the Ad Fund during the preceding twelve month period.

9.2.6 Franchisor has the right to cause the Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

9.3 Local Advertising/ Minimum Individual Marketing and Advertising Expenditure.

In addition to the Ad Fund contribution required under Section 9.2 above, Franchisee will spend a minimum of $15,000 in year one of operations, $20,000 in year two of operations, and $25,000 in year three and in each subsequent year of operations, on approved advertising and promotional activities in Franchisee's local geographic market area. These activities can include a broad range of programs such as digital marketing, direct mail, networking groups, Open Houses, MLS membership, Vehicle Wraps, and more that can be found in the franchise Operations Manual. Within 45 days of the end of each year of operations, Franchisee will provide Franchisor with an accounting of the funds that it has spent for local advertising for the preceding year of operations. If Franchisee fails to spend the minimum amount required under this Section in any year of operation for local advertising and promotion, Franchisee will deposit with Franchisor the difference between what it should have spent for advertising and promotion during the year of operations and what it actually spent for advertising and promotion during the year of operations. Franchisor will deposit that amount in the Ad Fund.

9.4 Advertising Approval.

All promotion by Franchisee in any medium shall conform to the standards and requirements specified by Franchisor. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within 21 days after Franchisor receives them. If Franchisor does not notify Franchisee of its disapproval within 21 days of receipt, the plans or materials shall be deemed approved. Franchisee shall promptly discontinue use of any promotional plans or materials, whether or not previously approved by Franchisor, immediately upon notice from Franchisor.

10. MARKS

10.1 Nonexclusive License.

The license to use the Marks granted by Franchisor to Franchisee under this Agreement is non-exclusive, and Franchisor may use and license the use of the Marks to others, subject only to the restrictions set forth in Article 2 of this Agreement. Franchisor may, among other things:

10.1.1 Grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

10.1.2 Develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to Franchisee; and

10.1.3 Engage, directly or indirectly, through its employees, representatives, Franchisees, assigns, agents, and others, at wholesale, retail, or otherwise, in (i) the production, distribution, license, and sale of products and services, and (ii) the use in connection with such production, distribution, and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs, and other identifying characteristics as may be developed or used from time to time by Franchisor.

10.2 Ownership of Marks.

Franchisee expressly acknowledges and agrees that:

10.2.1 As between Franchisor and Franchisee, Franchisor is the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them.

10.2.2 Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's other service marks, trademarks, trade names, trade dress, logos, copyrights, or proprietary materials, except the right to use the Marks in accordance with the terms and conditions of this Agreement for the operation of the Franchised Business in the Territory and in approved advertising related to the Franchised Business.

10.2.3 Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to Franchisor's benefit, and upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

10.2.4 Franchisee shall not contest the validity of or Franchisor's or any Affiliate's interest in the Marks or assist others to do so.

10.2.5 Franchisee acknowledges that any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights in the Marks and a material event of default under this Agreement. Franchisee agrees that it shall provide Franchisor with all assignments, affidavits, documents, information, and assistance Franchisor reasonably requests to fully vest in Franchisor all such rights, title, and interest in and to the Marks, including all such items reasonably requested by Franchisor to register, maintain, and enforce such rights in the Marks.

10.2.6 Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial

to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute marks.

10.3 Use of Marks. Franchisee further agrees that:

10.3.1 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Business only under the name "Showhomes" without prefix or suffix. Franchisee shall not use the Marks as part of its corporate or other legal name.

10.3.2 During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, and shall display a notice in such content and form and at such conspicuous locations as Franchisor may designate in writing.

10.3.3 Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

10.3.4 Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

10.3.5 Franchisee shall not use the Marks or any part or derivative thereof on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, Franchisee may not use the Marks or any part or derivative of the Marks, without Franchisor's prior written consent, as a part of any URL or domain name, and may not register as part of any user name, without Franchisor's prior written consent, on any gaming website or social networking website (such as Facebook, Pinterest, Houzz or Twitter) or as part of any unauthorized email address.

10.4 Infringement. Franchisee shall notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee and Franchisee's Principals shall not communicate with any person other than Franchisor or any designated Affiliate of Franchisor, their counsel, and Franchisee's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its Affiliates of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge, or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any Affiliate in any litigation or other proceeding related to the Marks.

11. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

11.1 The Manuals. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System and the Marks, Franchisee shall conduct its business in accordance with the required provisions in the Manuals, other required written directives which Franchisor may issue to Franchisee from time to time whether or not such directives are included in the

Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

11.1.1 Franchisor may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed required standard.

11.2.2 Franchisee shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall control.

11.2 Confidential Information.

11.2.1 Franchisee and the Principals shall at all times treat and maintain the Confidential Information as secret and confidential in accordance with this Article 11.

11.2.2 As between Franchisor and Franchisee, the Confidential Information shall at all times remain the sole property of Franchisor, shall be kept in a secure place at the Office accessible only to those persons listed in 11.2.3 below, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement. Franchisee shall strictly comply with all instructions, procedures, and protocols established by Franchisor pertaining to computer, computer system, and database confidentiality and security.

11.2.3 Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association, or corporation and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information, knowledge, or know-how concerning the methods of operation of a home management business which may be communicated to them or of which they may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and the Principals shall divulge such Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Neither Franchisee nor Franchisee Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce all or any portion of the Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person.

11.2.4 Franchisee shall require and obtain execution of covenants similar to those set forth in Section 11.2.3 from all personnel of Franchisee who have received or will have access to the Confidential Information. Such covenants shall be substantially in the form set forth in Attachment D. Franchisee Principals who do not sign the Guaranty also must execute such covenants.

11.2.5 If Franchisee, its employees, or Principals develop any new concept, process, or improvement in the operation or promotion of the Franchised Business (including, without limitation, any Advertising created or developed by or on behalf of Franchisee), Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process, or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Franchisee and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process, or improvement, and otherwise waive and/or release all rights of restraint and moral

rights therein and thereto. Franchisee and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. Franchisee and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney in fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process, or improvement. In the event that the foregoing provisions of this Section 11.2.5 are found to be invalid or otherwise unenforceable, Franchisee and its Principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly, infringe their rights therein.

11.2.6 The covenants in this Section 11.2 shall survive the expiration, termination, or transfer of this Agreement or any interest in Franchisee and shall be perpetually binding upon Franchisee and each of the Principals.

11.2.7 Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manuals.

11.3 Noncompetition Covenants.

11.3.1 Franchisee and the Principals acknowledge that they will receive valuable training, trade secrets, and Confidential Information pursuant to this Agreement, including, without limitation, information regarding the operational, sales, promotional and marketing methods, and techniques of Franchisor and the System, which are beyond the present skills and experience of Franchisee and the Principals. Franchisee and the Principals further acknowledge that such specialized training, trade secrets and Confidential Information, provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business and that gaining access to such specialized training, trade secrets, and Confidential Information is a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information, and rights, Franchisee and the Principals covenant that with respect to Franchisee, during the term of this Agreement (or with respect to each of the Principals, for so long as such individual or entity satisfies the definition of "Principals"), except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any other person or entity:

11.3.1.1 Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

11.3.1.2 Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any business located within the United States, its territories, or commonwealths, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses

others to operate a business under the same or similar Marks, which business offers services similar to the Services offered by the Franchised Business.

11.3.2 Franchisee and the Principals further agree that (i) with respect to Franchisee, commencing upon the expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement, or (ii) with respect to each of the Principals, commencing upon the earlier of: (a) the expiration or termination of, or transfer of all of Franchisee's interest in, this Agreement or (b) the time such individual or entity ceases to satisfy the definition of a "Principal" (in each case, the "Commencement Date") and continuing for a continuous uninterrupted period of two (2) years following the Commencement Date, neither Franchisee, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or entity:

11.3.2.1 Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

11.3.2.2 Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist, or make loans to, any business that offers services similar to the Services offered by the Franchised Business and which business is, or is intended to be located (i) within the Territory, (ii) within a 25-mile radius of the Territory, (iii) within the territory of any other business operated under the System on the Commencement Date, or (iv) within a 25-mile radius of the territory of any other business operated under the System on the Commencement Date.

11.3.2.3 Solicit, approach, communicate with, or otherwise contact any National Accounts, Home Managers, owners, or managers of Properties, or referral sources for owners or managers of Properties with whom Franchisee had a commercial relationship in the operation of the Franchised Business, or with whom Franchisor, its Affiliates, or other franchisees under the System have commercial relationships in the operation of their respective Franchised Businesses.

11.3.3 The parties acknowledge and agree that each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. The parties hereby expressly agree that if the scope or enforceability of the provision of Section 11.3 is disputed at any time by Franchisee, a court may modify Section 11.3 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. The covenants as set forth in this Section 11.3 shall be tolled during any period of noncompliance.

11.3.3.1 Franchisee and the Principals understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 11.3 in this Agreement, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the

Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 20.2 hereof.

11.3.3.2 Franchisee and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11.3.

11.3.4 At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 11.3 (including covenants applicable upon the termination of a person's employment with Franchisee) from any personnel of Franchisee who have received or will have access to the Confidential Information of or training from Franchisor. Such covenants shall be substantially in the form set forth in Attachment D. All of Franchisee's Principals who do not execute the Guaranty also must execute such covenants. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the noncompetition covenant set forth in Attachment D or eliminate such noncompetition covenant altogether for any party that is required to execute such agreement under this Section 11.3.4.

12. BOOKS AND RECORDS

12.1 Maintenance of Books and Records. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records, and accounts, including, but not limited to, sales slips, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals, and ledgers in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing. Franchisee shall deposit all monetary revenues in its business bank account designated for this purpose.

12.2 Financial Information and Other Data. In addition to the reports required by Articles 5 and 9 hereof, Franchisee shall comply with the following reporting obligations:

12.2.1 Franchisee shall, at Franchisee's expense, submit electronically or make available online to Franchisor, in the form prescribed by Franchisor, Franchisee's accounting files, including balance sheet and profit and loss statement (which may be unaudited) for each calendar month, within twenty (20) days after the end of each calendar month during the term hereof. The Managing Principal shall attest that such accounting records are true, complete, and correct;

12.2.2 Franchisee shall, within thirty (30) days after the end of each fiscal year of Franchisee during the term hereof, at its expense, provide to Franchisor: (a) submit electronically or make available online to Franchisor, in the form prescribed by Franchisor, Franchisee's accounting files, including balance sheet and profit and loss statement (which may be unaudited), showing the results of operations, (b) Franchisee's bank statements and federal and state income tax returns covering the same period, and (c) the most recent federal and state income tax returns filed by each individual who is a Guarantor of this Agreement. Franchisor reserves the right to require Franchisee's annual financial statements to be audited by an independent Certified Public Accountant or other appropriate professional satisfactory to Franchisor. Such audit shall be at Franchisee's cost and expense if an audit conducted pursuant to Section 12.3 discloses an understatement of two percent (2%) or more in any report submitted to Franchisor; and

12.2.3 Franchisee shall also submit to Franchisor, for review or auditing, such other forms, reports, records, information, and data (including information about customers, Properties, and Home Managers) as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in writing.

12.2.4 Franchisee shall hire a bookkeeper or accountant approved by Franchisor to prepare the financial information and other data required by this Section 12.2.

12.3 Audits. Franchisor or its designees shall have the right at all reasonable times during the Term and for three years after expiration or termination of this Agreement to review, audit, examine, and copy the books and records of Franchisee as Franchisor may require. If any required Royalty or other fee owed to Franchisor is delinquent, or if an audit should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 5.9. If an audit discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the audit (including, without limitation, reasonable accounting, and attorneys' fees, and interest on such costs). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity, including requiring annual audited financial statements of Franchisee as described in Section 12.2.2.

12.4 Acceptance of Payments. Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or Royalties paid to Franchisor (or the cashing of any checks for Royalties or other fees) shall not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee.

12.5 Disclosure of Information. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors, and other persons or entities with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Franchised Business. Franchisee further authorizes Franchisor to disclose data from Franchisee's reports to prospective or existing franchisees or other third parties, if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable.

12.6 Tax Returns. Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority, and agrees to execute and deliver any further documents required by Franchisor to effectuate the powers hereby granted. This power of attorney shall survive the expiration or termination of this Agreement.

13. INSURANCE

13.1 Insurance Requirement. Prior to the Opening Date, Franchisee shall procure, and shall thereafter maintain in full force and effect at all times during the term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor and its Affiliates, successors, and assigns, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, and employees of each of them against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business.

13.2 Required Coverage. All insurance policies required under this Agreement shall be written by a responsible carrier or carriers reasonably acceptable to Franchisor and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time in accordance with standards and specifications set forth in writing), the following:

13.2.1 Commercial General Liability insurance written in the name of Franchisee under an Insurance Services Offices (ISO) form CG 00 01 or such other form as Franchisor may designate. These policies may be endorsed to expand coverage, but reductions in coverage found in the standard form are not acceptable. The Commercial General Liability policy must have limits of $1,000,000 per occurrence and $2,000,000 annual aggregate, be primary, and name Franchisor and its Affiliates as an Additional Insured;

13.2.2 Property Damage Liability insurance covering all Properties that Franchisee has under contract at any time, including building and appurtenances, coverage for damages arising from negligence in connection with performance of the Services, in an amount equal to the total value (as determined by list price) of all properties for which Franchisee has contracted to provide Home Management Services;

13.2.3 Franchisee must insure all business property, such as office equipment or other property, in which the Franchisor may have an interest, for the full replacement cost thereof. Coverage is to be written on a "Special" or "All Risk" form without any coinsurance clause;

13.2.4 Commercial Automobile liability insurance, including coverage for owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 combined single limit. If Franchisee uses a personal vehicle for business purposes, Franchisee must make its insurance company aware of the business use of the personal vehicle. The personal policy must meet the $1,000,000 limit requirement referenced above. In addition, they need to obtain $1,000,000 coverage for non-owned and hired autos, which may be added as an addendum to a commercial package policy;

13.2.5 Workers' Compensation and Employers Liability insurance for Franchisee's employees and independent contractors not covered by another insurance policy with limits of $1,000,000 in all states where Franchisee conducts operations.

13.2.6 Liability coverage in excess of the commercial general liability, automobile liability and employer's liability in the amount of $1,000,000.

13.2.7 Such other insurance as may be required by the state or locality in which the Franchised Business is located and operated;

13.2.8 Franchisee may, with the prior written consent of Franchisor, elect to have reasonable deductibles in connection with the coverage required under Sections 13.2.1 through 13.2.7 hereof. Such policies shall also include a waiver of subrogation in favor of Franchisor, its Affiliates, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them.

13.3 Builder's Risk/Installation Coverage. In connection with any construction, renovation, refurbishment, or remodeling performed in connection with the Franchised Business, Franchisee shall maintain Builder's Risks/Installation insurance in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

13.4 Coverage Not Limited. Franchisee's obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Article 16 of this Agreement. Franchisee's insurance procurement obligations under this Article are separate and independent of Franchisee's indemnity obligations. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

13.5 Additional Insureds. All insurance policies required hereunder, with the exception of workers' compensation, shall name Franchisor and its Affiliates, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, as additional insureds, and shall expressly provide that their interest shall not be affected by any breach by Franchisee of any policy provisions. All such policies shall contain a provision that Franchisor and its Affiliates, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents, or employees by reason of the negligence of Franchisee or its servants, agents, or employees.

13.6 Evidence of Coverage. Prior to the Opening Date and thereafter 30 days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor proof of insurance, in the form Franchisor requires, evidencing the existence and continuation of proper coverage with limits not less than those required hereunder, including Certificates of Insurance, together with any endorsements evidencing Franchisee's compliance with the provisions of this Section 13. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policies and endorsements required hereunder, and other evidence of compliance with these requirements as Franchisor may periodically require. Further, all insurance policies required hereunder shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

13.7 Failure to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

13.8 Franchisor's Mandatory Insurance Program. Franchisor currently maintains an insurance program through which Franchisee must obtain the coverages described above in Sections 13.2.1 and 13.2.2 for so long as such program remains in effect. Franchisor reserves the right, upon 30 days' notice to Franchisee, to amend or discontinue the insurance program or to require that other coverages described above be obtained through the insurance program. The cost of all coverages under the insurance program will be assessed ratably among all franchisees participating in the insurance program.

14. DEBTS AND TAXES

14.1 Payment of Taxes. Franchisee shall file timely returns and promptly pay when due all Taxes, levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 16, Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest, and expenses) arising from or concerning the payment of Taxes, whether Taxes were correctly or legally asserted or not.

14.2 No Deduction for Taxes. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes.

14.3 Contest of Assessments. In the event of any bona fide dispute as to Franchisee's liability for Taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

14.4 Permits and Licenses. Franchisee shall comply with all federal, state, and local laws, rules, and regulations and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates, or licenses required by any environmental law, rule, or regulation.

14.5 Legal Proceedings. Franchisee shall notify Franchisor in writing within five days of the commencement of any action, suit, or proceeding and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

15. TRANSFER

15.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity. Upon any such transfer, this Agreement will inure to the benefit of any transferee or other legal successor to Franchisor's interest herein and such transferee shall be solely responsible for all of Franchisor's obligations arising hereunder subsequent to the transfer.

15.2 Transfer by Franchisee.

15.2.1 Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity, and personal character of Franchisee and Franchisee Principals. Accordingly, neither Franchisee nor any Franchise Principal, nor any successor or assign of Franchisee or any Franchisee Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

15.2.2 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if Franchisee or a Franchise Principal wishes to transfer any ownership interest in Franchisee, the transferor shall apply to Franchisor for its consent and will promptly deliver to Franchisor all information required by Franchisor, in accordance with the procedures stated in the Manuals. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in the Franchised Business, or in this Agreement, but Franchisor may, in its sole discretion, require any or all of the following as conditions of its consent:

15.2.2.1 All of the accrued monetary obligations of Franchisee and its Affiliates and all other outstanding obligations to Franchisor and its Affiliates arising under this Agreement or any other agreement relating to the Franchised Business shall have been satisfied in a timely manner and Franchisee shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

15.2.2.2 Franchisee and its Affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, and Franchisee shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

15.2.2.3 The transferor and its principals (if applicable) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its Affiliates, and the respective current and former officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state, and local laws, rules, and regulations;

15.2.2.4 The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a franchise, including, but not limited to, Franchisor's educational, managerial and business standards; standards for moral character, business reputation, and credit rating; standards for aptitude and ability to conduct the business licensed herein (as may be evidenced by prior related business experience or otherwise); and standards for financial resources and capital for operation of the business. Franchisor may also consider the geographic proximity of other Franchised Businesses owned or operated by the transferee;

15.2.2.5 The transferee shall have followed any transfer preparation programs implemented by Franchisor.

15.2.2.6 The transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants, and agreements contained in this Agreement; and, if transferee is a corporation, partnership, or limited liability company, transferee's shareholders, partners, or members, as applicable, shall execute such agreement as transferee's principals and shall guarantee the performance of all such obligations, covenants, and agreements;

15.2.2.7 The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this

Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which may differ from the terms of this Agreement, including, without limitation, an increase in the percentage Royalty, Minimum Royalty, and Minimum Ad Fund contribution or local advertising expenditure requirement, and/or a change in the size or location of the Territory; provided, however, that the transferee shall not be required to pay an initial franchise fee; and, if the transferee is a corporation, partnership, or limited liability company, transferee's shareholders, partners, or members, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants, and agreements;

15.2.2.8 The transferee, at its expense, shall renovate, modernize, and otherwise upgrade the Franchised Business to conform to the then-current standards and specifications of the System, within the time period reasonably specified by Franchisor;

15.2.2.9 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

15.2.2.10 At the transferee's expense, the transferee, the transferee's Key Personnel and any other applicable personnel shall complete any training programs then in effect for franchisees of Franchised Businesses at the transferee's expense and upon such other terms and conditions as Franchisor may reasonably require;

15.2.2.11 Franchisee shall pay to Franchisor for each Territory proposed to be transferred a transfer fee of $7,500 or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees. A $1,500 nonrefundable deposit is due and payable at the time Franchisee notifies Franchisor that it proposes a transfer, and the remainder is due and payable when the transfer is completed.

15.2.2.12 If the transferee is a corporation, partnership, or limited liability company, the transferee shall make and will be bound by any or all of the representations, warranties, and covenants set forth at Article 7 as Franchisor requires. The transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of such Article have been satisfied and are true and correct on the date of transfer.

15.2.3 Franchisee shall not grant a security interest in the Franchised Business or in any of Franchisee's assets without Franchisor's prior written consent, which shall not be unreasonably withheld. In connection with any such consent, Franchisor may require the secured party to agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee.

15.2.4 Franchisee acknowledges and agrees that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder and the continued integrity of the System.

Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Article 15, and may do so in the Manuals or otherwise in writing.

15.3 Transfers for Convenience of Ownership. In the event the proposed transfer is to a corporation, partnership or limited liability company formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements set forth at Section 15.2.2, except that the requirements set forth at Sections 15.2.2.3, .4, .6, .7, .8, and .11 shall not apply, provided, however, that Franchisee shall pay Franchisor a fee of $750 or greater amount to cover to cover its reasonable cost and expenses associated with such transfer. With respect to a transfer to a corporation, partnership, or limited liability company formed for the convenience of ownership, Franchisee shall be the owner of all of the voting stock or interest of the corporation and if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation, partnership, or limited liability company as he had in Franchisee prior to the transfer.

15.4 Franchisor's Right of First Refusal.

15.4.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement, or if Franchisee or a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer received from a third party to purchase such interest, then the proposed seller shall promptly notify Franchisor in writing of each offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor, or such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 15.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 15, with respect to a proposed transfer.

15.4.2 In the event an offer from a third party provides for payment of consideration other than cash (including the offer of stock) or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent or other consideration of equivalent value (including the exchange of stock in Franchisor). If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees. In the event that Franchisor exercises its right of first refusal herein provided, it shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from Franchisee hereunder and (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates.

15.4.3 Failure to comply with the provisions of this Article prior to the transfer of any interest in Franchisee, the Franchised Business, or this Agreement shall constitute a material event of default under this Agreement.

15.5 Death and Disability.

15.5.1 Upon the death of Franchisee (if Franchisee is a natural person) or any Principal who has an interest in Franchisee (the "Deceased"), the executor, administrator, or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor

within 12 months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within 12 months after the death of the Deceased.

15.5.2 Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Principal who has an interest in Franchisee, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 15 within six months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician reasonably acceptable to Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 15.5. The costs of any examination required by this Section shall be paid by Franchisor.

15.5.3 Upon the death or claim of permanent disability of Franchisee or any Franchise Principal, Franchisee or a representative of Franchisee must promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

15.6 No Waiver. Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

16. INDEMNIFICATION

16.1 Obligation to Indemnify. Franchisee and each of the Principals agree to indemnify, defend, and hold harmless Franchisor, its Affiliates, and their respective shareholders, directors, officers, employees, agents, servants, independent contractors, successors, and assigns (the "Indemnitees") against and to reimburse any one or more of the Indemnitees for any and all claims and liabilities directly or indirectly arising out of the operation of the Franchised Business or Franchisee's breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint, or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from Franchisor's gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee, the Franchisee Principals, and their respective officers, directors, employees, independent contractors, or Affiliates.

16.2 Definition of Claims. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary, or other), and costs reasonably incurred in the defense of any claim against any of the Indemnitees, including, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs,

other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses. Franchisor, or any other Indemnitees, has the right to defend any such claim against them.

16.3 No Duty to Mitigate. Under no circumstances will Franchisor or any other Indemnitees be required to seek recovery from any insurer or other third party, or otherwise to mitigate their losses and expenses, in order to maintain and recover fully a claim against Franchisee. Franchisee agrees that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts Franchisor or another Indemnitee may recover from Franchisee.

16.4 Survival of Indemnity. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

17. RELATIONSHIP OF THE PARTIES

17.1 Independent Contractor. The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, joint employer, or servant of the other for any purpose. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting the Franchised Business operations pursuant to the rights granted by Franchisor under this Agreement and agrees to take such action as shall be necessary to that end, including, without limitation, complying with the practices and procedures set forth in the Manuals.

17.2 No Ability to Bind Franchisor. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee or any of Franchisee's Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Franchisee Principals or any claim or judgment arising therefrom.

18. DEFAULT AND TERMINATION

18.1. Franchisee Default. Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

18.2 Termination Without Notice or Opportunity to Cure. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any Article or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any Article or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedes

bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Office premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

18.3 Termination on Notice Without Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:

18.3.1 If Franchisee operates the Franchised Business or offers or sells any Services authorized by Franchisor outside of the Territory without obtaining Franchisor's prior written consent;

18.3.2 If Franchisee sells or offers for sale any products or services not expressly authorized by Franchisor in this Agreement or otherwise in writing;

18.3.3 If Franchisee fails to commence operation of the Franchised Business within the time and in the manner specified in Article 3;

18.3.4 If Franchisee at any time fails to actively and continuously operate the Franchised Business on a full time basis with full staffing for five or more consecutive business days, or in any way evidences intent to abandon the Franchised Business. For purposes of this Section, Franchisee's failure to respond within 24 hours to telephone, email, or similar communications initiated by Franchisor on each of five or more consecutive business days shall be conclusive evidence of Franchisee's abandonment Franchise Business. This Section shall not apply if the Franchised Business has been closed for a purpose approved in writing by the Franchisor or due to an event of Force Majeure that is reported by Franchisee in accordance with this Agreement;

18.3.5 If Franchisee or any of the Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein;

18.3.6 If a threat or danger to public health or safety results from the operation of the Franchised Business;

18.3.7 If Franchisee or any of Franchisee's Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Franchised Business to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal with respect to such transfer, contrary to the terms of Article 15 of this Agreement;

18.3.8 If Franchisee or any of its Affiliates fails, refuses, or neglects promptly to pay any monies owing to Franchisor or any of its Affiliates, when due under this Agreement or any other agreement, or to submit the financial or other information required by Franchisor under this Agreement, including without limitation, information required for any audit permitted by this Agreement, and does not cure such default within five (5) days following notice from Franchisor;

18.3.9 If Franchisee or any of the Principals fails to comply with the in-term covenants in Section 11.3 regarding competition or Franchisee fails to obtain execution of the covenants and related agreements required under Section 11.3.4 regarding employee non-compete agreements within thirty (30) days after being requested to do so by Franchisor;

18.3.10 If, contrary to the terms of Section 11.2 hereof, Franchisee or any of the Principals discloses or divulges any Confidential Information, or fails to obtain execution of covenants and related agreements required under Section 11.2.4 hereof within thirty (30) days after being requested to do so by Franchisor;

18.3.11 If a transfer upon death or permanent disability is not transferred in accordance with Article 15 and within the time periods therein;

18.3.12 If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

18.3.13 If Franchisee breaches in any material respect any of the covenants in any material respect set forth in Article 7 or has falsely made any of the representations or warranties set forth in Article 7;

18.3.14 If Franchisee fails to propose a qualified replacement or successor for any Key Personnel within the time required under Article 7;

18.3.15 If Franchisee fails to procure and maintain the insurance policies required by Article 13, and Franchisee fails to cure such default within seven (7) days following notice from Franchisor;

18.3.16 If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

18.3.17 If software license agreement attached as Attachment E is terminated by Franchisor because of Franchisee's default;

18.3.18 If Franchisee fails to comply with the terms of the National Account Program or fails to discontinue the solicitation of National Accounts after receiving notice from Franchisor of such default; or

18.3.19 If Franchisee or any of Franchisee's Principals repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor.

18.4 Termination With Notice and Opportunity to Cure. Except as provided in Sections 18.2 and 18.3 of this Agreement, upon any default by Franchisee which is susceptible of being cured, Franchisor may terminate this Agreement by giving written notice to Franchisee stating the nature of such default and giving Franchisee at least thirty (30) days to cure the default prior to the effective date of termination. Franchisee may avoid termination by curing such default to Franchisor's satisfaction within the thirty (30)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30)-day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

18.4.1 If Franchisee fails to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by Franchisor, or fails to carry out the terms of this Agreement in good faith;

18.4.2 If Franchisee fails to maintain or observe any of the standards, specifications, or procedures prescribed by Franchisor in the Manuals or otherwise in writing;

18.4.3 If Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

18.5 Other Remedies. Upon a default by Franchisee under Sections 18.3 or 18.4, Franchisor has the option, in its sole discretion, in lieu of terminating this Agreement, to terminate or modify any territorial rights granted to Franchisee in Article 2. In the event Franchisor terminates or modifies the territorial rights granted to Franchisee, Franchisee shall continue to operate the Franchised Business in accordance with the terms of this Agreement in the Territory as reduced or modified.

18.6 Liquidated Damages. The parties agree that damages for breach of this Agreement may be difficult to ascertain, and consequently agree that the breaching party shall be liable for liquidated damages calculated as follows:

18.6.1 If Franchisee breaches any of the non-competition provisions of this Agreement, then Franchisee shall be liable for damages in an amount equal to the greater of: (a) the monthly Minimum Royalties and Minimum Ad Fund contributions called for during the term of the Agreement had it not been terminated, multiplied by twenty four (24); or (b) the average of all monthly Royalties and Ad Fund Contributions that Franchisee paid during the 18-month period during the Term with the highest Franchisee Gross Sales, multiplied by twenty four (24).

18.6.2 If Franchisee breaches the confidentiality provisions of this Agreement the parties agree damages are difficult to calculate and, as such, Franchisee shall be liable for the sum of $50,000 in liquidated damages, not to be assessed as a penalty.

18.6.3 The preceding damages shall be cumulative, and shall be in addition to: (a) Franchisor's right to terminate the Agreement; and (b) all costs recoverable under Article 16 and Section 19.6.

18.6.4 Nothing in this Section 18.6 shall prevent Franchisor from seeking and obtaining injunctive relief if appropriate or necessary to protect Franchisor's interests.

18.7 Applicable Law. If the provisions of this Section 18 are inconsistent with applicable law, the applicable law will apply.

19. POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

19.1 De-Identification. Franchisee shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

19.2 Cease Use of Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the mark "Showhomes" and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, Advertising materials, displays, stationery, forms, and any other articles which display the Marks, whether in digital or printed format.

19.3 Cease Use of Assumed Names. Franchisee shall cancel any assumed name or equivalent registration which contains the marks "Showhomes" and any other Mark, and Franchisee shall furnish

Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

19.4 No Use of Similar Marks. .Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and shall not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

19.5 Pay Fees. Franchisee and the Principals shall promptly pay all sums owing to Franchisor and its Affiliates. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees and interests, incurred by Franchisor as a result of any default by Franchisee, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the assets owned by Franchisee at the time of default.

19.6 Damages; Attorneys' Fees. Franchisee and the Principals shall pay to Franchisor all damages, costs, expenses, and interest including reasonable attorneys' fees and interest, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 19.

19.7 Return Manuals and Other Materials. Franchisee shall immediately deliver to Franchisor all Manuals, records, files, instructions, correspondence, any Software licensed by Franchisor, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, lists of all Properties, Home Managers, customers, National Accounts, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

19.8 Compliance with Covenants. Franchisee and the Principals shall comply with the restrictions against the use or disclosure of Confidential information contained in Article 11 of this Agreement and shall also comply with the non-competition covenants contained in Article 11. Any other person required to execute similar covenants pursuant to Article 11 shall also comply with such covenants.

19.9 Promotional Materials. Franchisee shall promptly furnish Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks in Franchisee's control. Franchisor shall have the right to inspect these materials. Franchisor shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost, or to require Franchisee to destroy and properly dispose of such materials. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

19.10 Contract Assignment. Upon the expiration or termination of this Agreement, all contracts related to the furnishing of Services to a Property entered into by Franchisee shall be automatically assigned to Franchisor or its designee without compensation upon notice of acceptance from Franchisor or its designee. At Franchisor's option, Franchisor may require Franchisee to contact all parties to such contract in writing and notify the parties that: 1) this Agreement has terminated, 2) the contracted insurance is no longer in force and 3) the contracts are terminated.

19.11 Franchisor's Options. In addition to Franchisor's rights provided for in Section 19.10, Franchisor shall have the following options, to be exercised within thirty (30) days after termination or expiration of this Agreement:

19.11.1 To require that Franchisee assign to Franchisor any lease for the Office premises or any lease for equipment used in the operation of the Franchised Business at the fair market value. The time for closing on the assignment of the leases described herein shall be a date no later than ten (10) days after Franchisor's exercise of its option hereunder unless Franchisor is also exercising its options under Section 19.11.2, in which case the date of the closing shall be on the same closing date prescribed for thereunder; and

19.11.2 To purchase from Franchisee any or all of the assets of the Franchised Business (except as otherwise provided in Sections 19.10 and 19.11.1) at the lesser of Franchisee's cost or fair market value. Franchisor shall purchase Franchisee's assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees. If Franchisor elects to exercise the option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefore and shall pay the remaining amount in cash. Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments, and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. The time for closing of the purchase and sale of the properties described in this Section 19.11.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, whichever is later, unless the parties mutually agree to designate another date. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

19.11.3 To require that Franchisee assign to Franchisor all rights to the telephone numbers of the Franchised Business and all other business listings of all kinds, whether in print or electronic media and whether maintained by Franchisee or any third party, and to execute all forms and documents required by Franchisor and any third party at any time in order to transfer such listing, service, and numbers to Franchisor. Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority for the sole purpose of taking such actions as is necessary to complete such assignment, and agrees to execute and delivery any further documents required by Franchisor to effectuate the powers hereby granted. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers at or in connection with any subsequent business conducted by Franchisee.

Franchisor shall be entitled to assign any and all of its options in this Section 19.11 to any other party, without the consent of Franchisee.

20. MISCELLANEOUS

20.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be delivered by one or more of the means described below to the respective parties at the following addresses unless a different address has been designated by the other party as provided below.

Notices to Franchisor:	Showhomes Franchise Corporation 2110 Blair Blvd. Nashville, TN 37212 Attention: Bert Lyles Facsimile: (615) 292-6904 Email: blyles@showhomes.com
Notices to Franchisee and the Franchisee Principals:	_____ _____ _____ _____ Attention: _____ Facsimile: _____ Email: _____

Each party must at all times maintain its current and complete: (a) physical address, (b) mailing address, (c) telephone number, and (d) email address in Franchisor's database or other registry designated in the Manuals. Any change by a party shall be deemed effective at the time the party makes a change in the database or registry; provided, however, that if Franchisor sends any notice to the address or number designated by Franchisee at the time of sending, then such notice shall be deemed effective, subject to the subsequent provisions in this Section. Changes in the foregoing addresses or numbers may also be effected by giving five days written notice of such change to the other party.

Any notice shall be deemed to have been received as follows:

20.1.1 If personally delivered, at the time of delivery.

20.1.2 If delivered by expedited delivery service, upon delivery, or at the time of rejected delivery, according to the records of the delivery service.

20.1.3 If delivered by certified mail (return receipt requested, first-class postage prepaid), three (3) business days after the date of mailing.

20.1.4 If delivered by email with "Legal Notice" appearing as the first words in the subject line and the sender uses RPost, when the authorized electronic mail agent of the receipt accepted that email message, with the delivery status of at least "delivered to mail server," as state in the RPost "Registered Receipt" received by the sender with respect to that email message.

20.1.5 If delivered by email with "Legal Notice" appearing as the first words in the subject line and the sender does not use RPost, when the recipient, by an email sent to the email address for the sender stated in this Section 20.1 or by a notice delivered by another method in accordance with this Section, acknowledges having received the notice email. The request for or receipt of an automatic "read receipt" will not constitute acknowledgment of receipt of the notice email for purposes of this Section 20.1.6.

20.2 Entire Agreement. This Agreement, the documents referred to herein, and the Attachments hereto, and that certain Franchisee Disclosure Questionnaire executed at the same time as this Agreement, constitute the entire, full, and complete agreement between Franchisor and Franchisee and the Franchisee Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Franchisee Principals. No other representation has induced you to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. Except for those changes permitted to be made by Franchisor in the Manuals or pursuant to this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or any related Agreement is intended to disclaim the representations set forth in the Franchise Disclosure Document.

20.3 No Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or the Franchisee Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power against Franchisee or the Principals, or as to a subsequent breach or default by Franchisee or the Principals. Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Principals of any terms, provisions, covenants, or conditions of this Agreement.

20.4 Consents. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing.

20.5 No Representations or Warranties. Franchisor makes no warranties, guaranties or representations upon which Franchisee may rely, except for those contained in Franchisor's Franchise Disclosure Document and its exhibits and amendments. Franchisor assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

20.6 Force Majeure. If an event of Force Majeure shall occur, then Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of the Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with Article 16. Except as provided in the immediately preceding sentence, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of a Force Majeure event, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

20.7 Mediation. Except as otherwise stated in this Section 20.7, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. Either party may bring an action under Section 20.8 without first

submitting the action to mediation under this Section 20.7 (i) for monies owed, and (ii) for injunctive relief, as described in Section 20.9.

20.7.1 Subject to the foregoing provisions of this Section 20.7, Franchisor and Franchisee agree to submit any claim, controversy, or dispute between Franchisor or any of its respective affiliates (and their respective shareholders, officers, directors, agents, representatives, and/or employees) and Franchisee (and its Franchisee Principals, agents, representatives, and/or employees, as applicable) arising out of or related to (A) this agreement or any other agreement between Franchisor and Franchisee, (B) the relationship between Franchisor and Franchisee, or (C) the validity of this agreement or any other agreement between Franchisor and Franchisee to mediation before bringing such claim, controversy, or dispute in a court or before any other tribunal.

20.7.2 The mediation shall be conducted by a mediator experienced in the mediation of disputes between franchisors and franchisees, as agreed upon by the parties and, failing such agreement within a reasonable period of time (not to exceed 15 days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation.

20.7.3 Mediation shall be held at the offices of the AAA nearest to Nashville, Tennessee. the costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to the following Section 20.8. Franchisor and Franchisee agree that statements made by either of Franchisor and Franchisee in any such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

20.8 Litigation. With respect to any controversies, disputes or claims which are not finally resolved through mediation or which are excluded from mediation, as described in Section 20.7 above, the parties irrevocably submit themselves to the jurisdiction of the state courts of Davidson County, Tennessee and the Federal District Court for the Middle District of Tennessee. Franchisor also has the right to file any such controversy, dispute, or claims against Franchisee in the federal or state court where the Franchised Business is located. Each of Franchisor and Franchisee hereby consent to the jurisdiction of such courts and waive all challenges to personal jurisdiction and venue. The parties agree that service of process may be made upon them in any proceeding relating to or arising out of this agreement or the relationship created by this agreement by any means allowed by Tennessee or federal law.

20.9 Injunctive Relief. Regardless of the parties' agreement to mediate certain controversies, claims, or disputes, and regardless of the parties' agreement as to jurisdiction and venue under Section 20.8, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from any court of competent jurisdiction. Franchisor and Franchisee may each have these temporary restraining orders and temporary or preliminary injunctive relief without bond, but upon due notice.

20.10 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 federal law, this Agreement, the franchised business and all claims arising from the relationship between Franchisor and Franchisee will be governed by and interpreted and construed under Tennessee. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the

jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

20.11 Parties' Acknowledgments. Franchisor and Franchisee acknowledge that the agreements regarding applicable state law and forum set forth above provide both parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Franchisor and Franchisee further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

20.12 JURY TRIAL WAIVER. IN ANY LITIGATION BETWEEN THE PARTIES FOUNDED UPON OR ARISING FROM THIS AGREEMENT, THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL, AND THE PARTIES HEREBY STIPULATE THAT ANY SUCH TRIAL SHALL OCCUR WITHOUT A JURY.

20.13 Damages. Each party hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits) against the other party, its affiliates, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees of each of them, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort, or otherwise) and agree that in the event of a dispute, each party shall be limited to the recovery of any actual damages sustained by them. If any other term of this agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

20.14 Contractual Limitations Period. Except for claims brought by Franchisor with regard to (i) any misrepresentation or omission made by Franchisee or the Franchisee Principals under this agreement or in any application therefor, (ii) Franchisee's obligations to protect Franchisor's confidential information, or (iii) Franchisee's obligations to indemnify Franchisor pursuant to Article 16, any and all claims arising out of or relating to this Agreement or the relationship of Franchisee and Franchisor pursuant to this agreement will be barred unless an action is commenced within two years from the date on which the act or event giving rise to the claim occurred, or two years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claims, whichever occurs first; provided, however, that if, despite the foregoing limitation, applicable law allows Franchisee to bring any claim against Franchisor, the limitation shall not apply to Franchisor and Franchisor may bring any claim or counterclaim within the period allowed by the applicable statute of limitations.

20.15 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

20.16 Captions. The captions used in connection with the articles and subarticles of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify, or in any other manner affect the scope, meaning, or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

20.17 Survival. Any obligation of Franchisee or the Franchisee Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Principals therein shall be deemed to survive such termination, expiration, or transfer.

20.18 Severability. Except as expressly provided to the contrary herein, each portion, article, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, article, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, articles, parts, terms, or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, articles, parts, terms, or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, article, part, term, or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

20.19 Gender. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable. Without limiting the obligations individually undertaken by the Franchisee Principals under this Agreement, all acknowledgments, promises, covenants, agreements, and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Franchisee Principals.

20.20 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure, or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of Franchisor's rights pursuant to Article 18 of this Agreement shall not discharge or release Franchisee or any of the Franchisee Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

20.21 Entities. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto. For purposes of this Agreement, a publicly-held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

20.22 No Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Article 15), any rights or remedies under or as a result of this Agreement.

20.23 Execution by Franchisor. This Agreement shall not become effective until signed by an authorized officer of Franchisor.

21. ACKNOWLEDGMENTS

21.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

21.2 Independent Review. Franchisee acknowledges that Franchisee has received, read, and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

21.3 Disclosure Laws. Franchisee acknowledges that it received a complete copy of this Agreement and all related Attachments and agreements at least seven calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least 14 calendar days prior to the date on which this Agreement was executed.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:

SHOWHOMES FRANCHISE CORPORATION
a Georgia corporation

By: _____
Name: Bert T. Lyles
Title: CEO

FRANCHISEE:

_____

By: _____

Name: _____
Title: _____

SHOWHOMES FRANCHISE CORPORATION

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

The Showhomes Franchise Corporation Franchise Agreement between _____ ("Franchisee" or "You") and Showhomes Franchise Corporation ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

c. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The franchise agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, the requirement may unenforceable under California law.

e. The franchise agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

f. The maximum allowable interest rate in California is 10% per year.

g. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

h. Industrial Welfare Commission Order No. 5-2001 classifies all property managers in California as employees. Franchisees should consult with private legal counsel to ensure compliance with the California Labor Code. See IWC Order No. 5-2001: https://www.dir.ca.gov/iwc/wageorder5_010102.html.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

(Signature Page follows)

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION, a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SHOWHOMES FRANCHISE CORPORATION

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 – 705/44 (1994) (the "Illinois Franchise Act"), Showhomes Franchise Corporation ("Franchisor") and _____ ("Franchisee"), hereby amend the Franchise Agreement between them dated _____ (the "Agreement") as follows:

1. Section 705/19 and 705/20 of the Illinois Franchise Act provide rights to franchisees concerning nonrenewal and termination of a franchise. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.

2. Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control. Any provision that designates jurisdiction or venue or required Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.

3. The following provision supplements Section 5.1 of the Agreement:

Franchisor will defer payment of the initial franchise fee and for the purchase price of any marketing materials or other items that you buy from Franchisor or its affiliate until Franchisee has begun operating the Showhomes Business. Upon beginning operations, Franchisee shall pay to Franchisor all deferred amounts. The Illinois Attorney General's Office has imposed the fee deferral requirement because of our financial condition.

4. To the extent that Section 20.10 of the Agreement (pertaining to choice of law) conflicts with Illinois law, Illinois law will control.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

6. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION, a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SHOWHOMES FRANCHISE CORPORATION

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., Bus. Reg. §§ 14-201 – 14-233 (2010 Repl. Vol.) (the "Maryland Franchise Law"), Showhomes Franchise Corporation ("Franchisor") and _____ ("Franchisee"), hereby amend the Franchise Agreement between them dated _____ (the "Agreement") as follows:

1. Section 14-226 of the Maryland Franchise Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement requires Franchise to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law in order to purchase your franchise, the Agreement is amended to reflect that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

2. Pursuant to COMAR 02.02.08.16L, the Agreement is amended to reflect that:

(a) Any release required as part of the Agreement or as a condition of the sale, renewal, or assignment, or transfer of the franchise shall not apply to any liability under the Maryland Franchise Law.

(b) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise. The contractual limitations period contained in Section 20.14. of the Franchise Agreement will not act to reduce the three-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

(c) Any provision in the Agreement which requires litigation to be conducted in a forum other than the State of Maryland will not limit any rights Franchisee may have under § 14-216(c)(25) of the Maryland Franchise Law to bring suit in the State of Maryland.

3. The following provision supplements Section 5.1 of the Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Maryland law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

5. All other provisions of the Agreement are hereby ratified and confirmed.

(Signature Page follows)

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION,	
a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SHOWHOMES FRANCHISE CORPORATION

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of Minnesota law, including the Minnesota Franchises Act, Minn. Stat. Section 80.01 et seq. and rules and regulations promulgated thereunder, Showhomes Franchise Corporation ("Franchisor") and , ("Franchisee"), hereby amend the Franchise Agreement between them dated _____ (the "Agreement") as follows:

1. The Minnesota Department of Commerce requires Franchisor to indemnify Franchisee against liability to third parties for infringement resulting from Franchisee's use of the trademarks licensed under the Agreement. Franchisor will not indemnify Franchisee against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

2. Sec. 80C.14, Subd. 4 of the Minnesota Franchises Act requires, except in certain specified instances, that Franchisor give Franchisee written notice of its intention not to renew the franchise 180 days before the franchise expires, and to give Franchisee sufficient opportunity to operate the franchise in order to enable Franchisee to recover the fair market value of the franchise as a going concern. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

3. Sec. 80C.14, Subd. 3 of the Minnesota Franchises Act requires, except in certain specified instances, that Franchisor give Franchisee 90 days' notice of termination (with 60 days to cure). Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

4. To the extent the Franchisee is required to execute a general release in favor of Franchisor, such release will exclude liabilities arising under the Minnesota Franchises Act or a rule, or any order promulgated thereunder.

5. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

6. Sect. 80C.21 of the Minnesota Franchises Act and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. Nothing in the Agreement will, or is intended to, abrogate or reduce any of Franchisee's rights as provided for in the Minnesota Franchises Act or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

7. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

8. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, we reserve the right to challenge the enforceability of the state law.

9. All other provisions of the Agreement are hereby ratified and confirmed.

(Signature Page follows)

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION,	
a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SHOWHOMES FRANCHISE CORPORATION

NEW YORK AMENDMENT TO FRANCHISE AGREEMENT

For purposes of complying with the requirements of New York Law, including the New York General Business Law, Article 33, §§ 680 – 695 (1989) (the "New York Law"), Showhomes Franchise Corporation ("Franchisor") and _____ ("Franchisee"), hereby amend the Franchise Agreement between them dated _____ (the "Agreement") as follows:

1. To the extent that the Agreement requires Franchisee to sign a release or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the New York Law or a rule or order promulgated thereunder, such release or acknowledgment of fact shall be void with respect to claims arising under the New York Law. It is the intent of this provision that non-waiver provisions of the Sections 687.4 and 687.5 of the New York Law be satisfied.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of New York Law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.

4. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION, a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SHOWHOMES FRANCHISE CORPORATION

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1.574 applies, the terms of this Addendum apply. Showhomes Franchise Corporation ("Franchisor") and _____ ("Franchisee"), hereby amend the Franchise Agreement between them dated _____ (the "Agreement") as follows:

1. The following provision supplements Section 5.1 of the Agreement:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION, a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SHOWHOMES FRANCHISE CORPORATION

**WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT,
FRANCHISEE COMPLIANCE QUESTIONNAIRE, AND RELATED AGREEMENTS**

For purposes of complying with the requirements of Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 – 19.100.940 (1991) (the "WFIPA"), Showhomes Franchise Corporation ("Franchisor"), and _____ ("Franchisee"), hereby amend the Franchise Agreement between them dated _____ (the "Agreement") as follows:

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

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

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

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

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

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR:	FRANCHISEE:
SHOWHOMES FRANCHISE CORPORATION, a Georgia corporation	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT A

TERRITORY; INITIAL FEE: OFFICE LOCATION;
OPENING DATE

1. Territory : _____

   _____

2. Initial Fee: $_____

3. Office Location: _____

4. Opening Date: _____

ATTACHMENT A-1

TERRITORY MAP

ATTACHMENT A-2

TERRITORY ZIP CODE LIST

ATTACHMENT B

FRANCHISEE'S PRINCIPALS, PRINCIPALS, AND KEY PERSONNEL

Franchisee's Principals

Name	Percentage Interest
_____*	_____%
_____	_____%
_____	_____%

*denotes Principal

Key Personnel

Name	Position
_____	Managing Principal
_____	General Manager
_____	Placement Manager
_____	Marketing Manager
_____	Operations Manager

ATTACHMENT C

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

SHOWHOMES FRANCHISE CORPORATION/PAYEE

BANK NAME	ACCOUNT NO.	ABA NO.	FEIN
_____	_____	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to either or both of the above named Payees. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____

(Please attach one voided check for the above account.) ( ) Checking or ( ) Savings

Franchised Business Location: _____

Franchised Business No.: _____

For information call: _____

Address: _____

Phone No.: _____

Name of Franchisee/Depositor (please print)

By: _____ Date: _____

Signature and Title of Authorized Representative

ATTACHMENT D

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

[THIS IS A GENERAL FORM. WE HAVE NOT REVIEWED THE FORM TO ENSURE THAT IT COMPLIES WITH EACH JURISDICTION'S LAWS REGARDING NON-DISCLOSURE, NON-SOLICITATION, AND NON-COMPETE. IF YOU CHOOSE TO USE THIS SAMPLE FORM, YOU MUST HAVE IT REVIEWED BY YOUR LAWYER AND MODIFY THE AGREEMENT TO REFLECT YOUR INDIVIDUAL BUSINESS AND TO COMPLY WITH APPLICABLE LAW.]

This CONFIDENTIALITY AND NON-COMPETE AGREEMENT ("Agreement") is made and entered into as of _____ (Date) among:

_____ (Franchisee Entity Legal Name), a _____ (Type of Entity), ("Franchisee"), and _____ (Signer Name), a resident of _____(State) ("You").

All capitalized terms used in this Agreement, but not defined herein, have the meanings given to those terms in the Franchise Agreement (defined below).

BACKGROUND

A. Showhomes Franchise Corporation ("Showhomes") has developed a system (the "System") for establishing and operating businesses that offer a range of services designed to help owners of vacant Properties, and their Realtors, sell the Properties faster and for higher prices. The services include whole-house furnishing, decorating, staging, and providing a live-in Home Manager to keep the home in optimal condition for showings to prospective buyers ("Showhomes Services").

B. The System is identified by certain trade names, service marks, trademarks, logos, designs, slogans, and commercial symbols, including, but not limited to, the mark "SHOWHOMES" and others that Showhomes may develop in the future for use in connection with the System ("Marks").

C. The System also includes certain information, knowledge, know-how, techniques and materials used in or related to the System which Showhomes or Franchisee provide to You (the "Confidential Information") including, without limitation, any proprietary software; business plans; advertising plans and programs; the operations manuals; any written directives and any other manuals and materials of Showhomes or Franchisee and the information contained therein; lists of customers, national accounts, Home Managers and Properties, and any other information designated by Showhomes or Franchisee as confidential or proprietary.

D. Showhomes has granted Franchisee the limited right to establish a business (the "Franchised Business") under the System and the Marks and using the Confidential Information for the period defined in the franchise agreement between Showhomes and Franchisee ("Franchise Agreement").

E. Showhomes and Franchisee have agreed in the Franchise Agreement on the importance to Showhomes and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information.

F. It is necessary for certain employees, agents, independent contractors, officers, directors and interest holders of Franchisee, or any entity having an interest in Franchisee, to have access to and to use some or all of the Confidential Information in the management and operation of the Franchised Business.

G. Franchisee has agreed to obtain from such individuals having access to and use of the Confidential Information written agreements protecting the Confidential Information and the System against unfair competition.

H. You wish to become or to remain associated with or employed by Franchisee and need to receive and use the Confidential Information in the course of your employment or association with Franchisee.

I. You acknowledge that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by You in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement

1.1 You acknowledge that Showhomes and Franchisee may disclose to You Confidential Information relating to the System. All information and materials, including, without limitations, any manuals, specifications, techniques and compilations of data that Showhomes or Franchisee provides to You shall be deemed Confidential Information for the purposes of this Agreement.

1.2 You shall receive the Confidential Information in confidence and shall, at all times, maintain it in confidence, and use it only in the course of your employment by or association with Franchisee and then only in connection with the development or operation by Franchisee of the Franchised Business for so long as Franchisee is licensed by Showhomes to use the System.

1.3 You shall not at any time make copies of any documents or compilations containing any of the Confidential Information without the express written permission of Franchisee and Showhomes.

1.4 You shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the establishment or operation of the Franchised Business.

1.5 You shall surrender any material containing any of the Confidential Information to Franchisee or Showhomes at any time upon request and in any event upon the completion of your association with or employment by Franchisee, or upon conclusion of the use for which such information or material is furnished to You.

1.6 You shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information or the System.

1.7 All Manuals are loaned by Showhomes to Franchisee for limited purposes only and remain the property of Showhomes and may not be reproduced, in whole or in part, without the written consent of Showhomes.

2. Covenants Not to Solicit or Compete

2.1 In order to protect the goodwill of the System and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to You of the Confidential Information, You further agree and covenant that during all times of your association with or employment by Franchisee, You will not without the prior written consent of Showhomes and Franchisee:

2.1.1 Divert, solicit, or attempt to divert or solicit, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

2.1.2 Except with respect to businesses operated under valid franchise agreements with Showhomes, not to directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person, partnership, limited liability company or corporation, without the prior written consent of Showhomes, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Showhomes has used, sought registration of or registered the Marks or the same or similar marks or operates or licenses others to operate a business under the same or similar Marks, which business offers services similar to the Showhomes Services.

2.2 In further consideration for the disclosure to You of the Confidential Information and to protect the uniqueness of the System, You agree and covenant that for one year following the termination of your association with or employment by Franchisee or its assignee, You will not, within a twenty-five (25) mile radius of Franchisee's territory:

2.2.1 Divert, solicit or attempt to divert or solicit, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

2.2.2 Employ, or seek to employ, any person who is at that time or was within the preceding 90 days employed by Showhomes, by Franchisee, or by any other franchisee of Showhomes, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing agreement between Showhomes and Franchisee.

2.2.3 Except with respect to Franchised Business operated under valid franchise agreements with Showhomes, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that offers services similar to the Services offered by the Franchised Business and which business is, or is intended to be located (i) within the Territory, (ii) within a twenty-five (25)-mile radius of the Territory, (iii) within the territory of any other business operated under the System on the date of this Agreement, or (iv) within a twenty-five (25) mile radius of the territory of any other business operated under the System on the on the date of this agreement.

The parties acknowledge and agree that each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisee and Showhomes. The parties hereby expressly agree that if the scope or enforceability of the provision of Section 2.2 is disputed at any time by You a court may modify Section 2.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisee reserves the

right to reduce the scope of said provision without Your consent, at any time or times, effective immediately upon notice to You. The covenants as set forth in this Section 2.2 shall be tolled during any period of noncompliance.

3. Miscellaneous

3.1 Franchisee shall make all commercially reasonable efforts to ensure that You act as required by this Agreement.

3.2 You agree that in the event of a breach of this Agreement, Franchisee and Showhomes would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement or any franchise agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3.3 You agree to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisee in enforcing this Agreement.

3.4 Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach of any subsequent breach by You.

3.5 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF [_____], WITHOUT REFERENCE TO [_____] CHOICE OF LAW PRINCIPLES. YOU HEREBY IRREVOCABLY SUBMIT YOURSELF TO THE JURISDICTION OF THE STATE AND FEDERAL DISTRICT COURTS OF [_____]. YOU HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON YOU IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY [_____] OR FEDERAL LAW. YOU FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE FEDERAL DISTRICT COURT FOR THE MIDDLE DISTRICT OF [_____], OR THE STATE COURTS OF [_____]; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

3.6 This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

3.7 All notices and demands required to be given hereunder shall be in writing directed to the applicable parties at the address designated opposite the signatures below, and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, or facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified mail or expedited delivery service within three business days after transmission). Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service shall be deemed given according to the records of such delivery service. Any notice given by certified mail shall be deemed given three business days after

the time of mailing. Any change in the addresses shall be effected by giving 15 days written notice of such change to the other parties.

3.8 All rights and remedies of Franchisee under this Agreement are fully assignable and transferable and shall inure to the benefit of its affiliates, successors and assigns. If Franchisee assigns the Franchise Agreement, this Agreement shall automatically be assigned to such assignee. The respective obligations of Franchisee and You hereunder may not be assigned by Franchisee or You, without the prior written consent of Showhomes.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as of the date first written above.

FRANCHISEE:
Franchisee Legal Name
DBA

By: _____
Name: _____
Title: _____

Street Address
Street Address 2
City, State, Zip
Attention:

[NAME]

By: _____
Name: _____

Street Address
City, State, Zip
Attention:

ATTACHMENT E

SOFTWARE LICENSE AGREEMENT

This Software License Agreement ("Software License") is entered into between Showhomes Franchise Corporation, a Georgia corporation ("Franchisor") and _____ ("Franchisee") pursuant to a franchise agreement dated _____, 20__ ("Franchise Agreement") under which Franchisee will operate a Showhomes Franchised Business within the Territory and at the Office Location described in the Franchise Agreement.

1. In consideration of Franchisee's payment of the Software License Fee (if any) listed in Schedule 1 to this Software License, Franchisor hereby grants to Franchisee a nonexclusive, nonassignable license to use the computer programs, in object code form ("Software"), listed in Schedule 2 to this Software License. Schedule 2 may be updated from time to time by Franchisor to include upgrades to the Software, which Franchisor will make available to Franchisee pursuant to Section 12.b.

2. Franchisee shall use the Software only in the operation of the Franchised Business described above. Franchisee may not modify copy or reproduce in any form all or any part of the Software without the prior written consent of Franchisor, and in such event solely to the extent required for use of the Software in the operation of the Franchised Business. Franchisee shall not make available the Software, the user and operating manuals thereto, or any copy thereof to any party except as described below in paragraph 4. Franchisee shall not reverse assemble, reverse compile or otherwise recreate the Software.

3. All copies of the Software, including any produced by Franchisee with Franchisor's consent, are and shall be the sole and exclusive property of Franchisor or authorized third parties during and after the term of this Software License. Franchisee acknowledges and agrees that Franchisor may secure all or any part of the Software from third parties. Franchisee agrees to execute and deliver to Franchisor any further contracts, agreements or other documents reasonably required by Franchisor in order to secure its compliance with any agreement with such other parties.

4. Franchisee understands and acknowledges that the Software contains Franchisor's trade secrets and agrees, during the term of this Software License and thereafter, not to communicate, divulge or use the Software other than in the operation of the Franchised Business by Franchisee and its employees. Franchisee shall divulge and allow access to the Software only to its employees who must have access to it in connection with their employment with the franchised business. At Franchisor's request, Franchisee shall require and obtain execution of covenants concerning the confidentiality of the Software from any persons employed by Franchisee who have access to the Software. These covenants shall be in a form substantially similar to the confidentiality covenants contained in Attachment D to the Franchise Agreement.

5. Franchisee shall exercise reasonable precautions, no less rigorous than those Franchisee uses to protect its own confidential information, to protect the confidentiality of the Software and the user and operating manuals pertaining thereto, which precautions shall include, at a minimum, giving instructions to Franchisee's employees who will have access to the Software and the user and operating manuals thereto that the same are proprietary to, and the trade secrets of, Franchisor or such third parties. Franchisee shall not remove or alter any designations that Franchisor or such third parties have included in the Software and the user and operating manuals thereto that indicate such material is the proprietary property of Franchisor or such third parties.

6. Franchisee agrees to notify Franchisor immediately of the existence of any unauthorized knowledge, possession, or use of the Software or of any part thereof.

7. Should the Software become, or in Franchisor's opinion be likely to become, the subject of a claim of infringement, Franchisor may (at Franchisor's election) procure for Franchisee the right to continue to use the software, or replace the Software with non infringing functionally equivalent software, or modify the Software to make it non infringing. If none of these alternatives are commercially practicable for Franchisor, then Franchisor may discontinue this Agreement as to the infringing Software following payment to Franchisee of Franchisee's reasonable direct costs to replace the Software with comparable software.

8. Franchisee acknowledges and agrees that the Software and user and operating manuals pertaining thereto are the valuable property and trade secrets of Franchisor or other authorized parties, that any violation by Franchisee of the provisions of this Software License would cause Franchisor or such other parties irreparable injury for which they would have no adequate remedy at law, and that, in addition to any other remedies which Franchisor may have, it shall be entitled to preliminary and other injunctive relief against any such violation.

9. The term of this Software License shall be co extensive with the term of the Franchise Agreement, including any renewal of the Franchise Agreement.

10. Expiration or termination of the Franchise Agreement for whatever reason shall automatically terminate this Software License and the right granted by it to use the Software, without notice to Franchisee. If Franchisor's license to any of the Software secured from third parties should terminate, then this Software License shall automatically terminate as to such Software and Franchisee shall comply with the provisions of Section 11 in connection with such Software. In addition, Franchisor may terminate this Software License upon the failure by Franchisee to comply with any of the terms and conditions herein, by giving Franchisee written notice of termination stating the nature of the breach at least thirty (30) days' prior to the effective date of termination; provided that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, this Software License shall terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require.

11. Upon the expiration or termination of this Software License or upon the expiration or termination of the Franchise Agreement, whichever shall occur earlier, Franchisee shall immediately deliver to Franchisor all copies of the Software then in Franchisee's possession or control and erase the Software from Franchisee's computer system, and shall immediately cease to use the Software.

12. a. Franchisor will replace without charge any copies of the Software provided under this Software License which have defects in materials and workmanship that are not caused by Franchisee's misuse or unauthorized modification of the Software. THIS REPLACEMENT SHALL BE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDY.

b. Franchisor will, in its discretion, provide upgrades to the Software at no charge to Franchisee when available. Additionally, Franchisor will provide reasonable Software support, consultation and back office support in consideration of Franchisee's payment of the Software Support Fee, if any, listed in Schedule 1 to this Software License. The Software Support Fee is subject to increase based on changes in market conditions, the cost of providing services and future policy changes.

13. FRANCHISEE IS SOLELY RESPONSIBLE FOR DETERMINING ITS DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT SHALL FRANCHISOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO FRANCHISEE OR ANY OTHER PERSON OR ENTITY (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, AND EVEN IF FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS SOFTWARE LICENSE IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION OF WAIVER BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS SHALL CONTINUE IN FULL FORCE AND EFFECT.

14. EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO FRANCHISEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED.

15. THIS SOFTWARE LICENSE SHALL BE INTERPRETED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF TENNESSEE (EXCEPT FOR TENNESSEE CHOICE OF LAW RULES).

16. If any term herein is declared to be void or unenforceable by a court of competent jurisdiction, such declaration shall have no effect on the other terms of this Software License, which will remain in effect and fully enforceable.

17. Franchisee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon the gross income of Franchisor.

18. Franchisee may not sell, lease, assign, sublicense, or otherwise transfer any of its rights under this Software License without the prior written consent of Franchisor.

19. Notice under this Software License shall be provided as indicated in Section 20.1 of the Franchise Agreement.

20. The terms of this Software License are incorporated into the Franchise Agreement by reference. This Software License and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Software License on the _____ day of _____, 20___.

FRANCHISOR:

SHOWHOMES FRANCHISE CORPORATION
a Georgia corporation

By: _____
Name: Bert T. Lyles
Title: CEO

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

Schedule 1

Fees

Software License Fee: - 0 -

Software Support Fee: $85/hour

Schedule 2

Computer Programs License

ATTACHMENT F

MINIMUM ROYALTY AND AD FUND CONTRIBUTION

Operating Period	Minimum Royalty (monthly)	Minimum Ad Fund Contribution
1	$_____	$_____
2	$_____	$_____
3	$_____	$_____
4 and thereafter	$_____	$_____

Waiver Period: Provided Franchisee is not in default under this Agreement, the Minimum Royalty and Ad Fund Contribution specified above shall be waived for each Reporting Period ending the last day of the _____ [12th, 24th, or 36th] calendar month after the Opening Date (_____, 20____). So long as such waiver remains in effect, Franchisee shall pay Royalties and Ad Fund Contributions calculated according to the Agreement but without regard to the above minimums.

ATTACHMENT G

GUARANTY AND ASSUMPTION AGREEMENT

This Guaranty and Assumption Agreement (the "Guaranty") is given this _____ day of _____, by the undersigned.

In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Agreement") by Showhomes Franchise Corporation ("Franchisor"), each of the undersigned and any other parties who sign counterparts of this Guaranty (referred to herein individually as a "Guarantor" and collectively as "Guarantors") hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, that _____ ("Franchisee") will punctually pay its obligations for initial franchise fees, royalties, ad fund contributions and purchases of equipment, materials, supplies and other amounts due under the Agreement.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this guaranty by the undersigned (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(a) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(b) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

(d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Agreement; and

(e) Franchisee's written acknowledgment, accepted in writing by us, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Articles 7, 10, 11, 15, 16, 19 and 20.

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevail in such proceeding, Franchisor will be entitled to reimbursement of Franchisor's costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

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

GUARANTORS

_____

*Name: , Individually

_____

Name: , Individually

_____

Name: , Individually

*Denotes individual who is Franchisee's Managing Principal

EXHIBIT C

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

PROMISSORY NOTE

EXHIBIT C

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

PROMISSORY NOTE

$ _____ _____, _____

FOR VALUE RECEIVED, the undersigned, _____, a _____ ("Maker"), promises to pay to the order of Showhomes Franchise Corporation, a Georgia corporation ("Payee"), at 2110 Blair Boulevard, Nashville, Tennessee 37212, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of _____ ($_____), together with interest from the date hereof on the unpaid principal amount at the rate(s) hereinafter stated, payable as follows:

1. Interest. The unpaid principal amount of this Promissory Note ("Note") from time to time outstanding shall bear interest from the date hereof at a rate per annum of _____ percent (___%) for the first twelve (12) months of this Note, _____ percent (___%) for the next twelve (12) months, and _____ percent (___%) for the twelve (12) months thereafter until fully paid. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws. All payments of interest shall be computed on the basis of a year consisting of 360 days for the actual number of days elapsed (including the first day, but excluding the last).

2. Principal and Interest Payments. Prior to maturity, the principal amount of this Note shall be due and payable in _____ (_____) consecutive monthly installments with the initial installment being due and payable on _____, _____ and the remaining installments being due and payable on the same day of each consecutive month thereafter. The principal amount of each of the first _____ monthly installments shall be _____ (_____) and shall be accompanied by a payment of the then unpaid accrued interest on this Note. The final installment shall be due and payable on _____, _____ and shall consist of the remaining principal balance of this Note and all unpaid interest accrued thereon. In the event that any payment date shall fall due on a Saturday, Sunday or United States banking holiday, payment shall be made on the next succeeding business day, and interest will continue to accrue on the unpaid principal amount during the interim. All payments of principal and interest are to be made in lawful money of the United States of America in immediately available funds.

3. Payment Application. Payments shall be applied first to expenses, costs, and attorney's fees which are payable under this Note, secondly to interest, and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. Default and Remedies. Upon the occurrence of an default under the terms of this Note or under that certain Franchise Agreement of even date herewith between Maker and Payee (the "Franchise Agreement") or at any time thereafter, the entire principal and accrued interest of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

5. Obligations Absolute. All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

6. Waivers. Maker and any co-makers, sureties, endorsers and guarantors of this Note hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon against any party hereto and notice of acceleration, and further consent to any extension of time for payment hereunder (whether one or more), any renewal hereof (whether one or more), and any addition or release of any party liable for payment of this Note. Any such extension, renewal, or release may be made without notice to any such party and without discharging such party's liability hereunder.

7. Collection Costs; Attorneys' Fees. Maker agrees to pay all expenses and costs of collection, including all reasonable attorneys' fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, the collection of any amounts payable hereunder, whether by acceleration or otherwise.

8. Prepayment. Maker may prepay this Note, in whole or in part, at any time without premium or penalty. Any partial payments shall be applied first to accrued interest and then to principal installments in reverse order of maturity.

9. Severability. If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the fullest extent permitted by law.

10. Limitation on Interest. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee.

11. Notice. All notices pursuant to this Note shall be in writing and (i) delivered in person, (ii) sent by registered or certified mail, return receipt requested, postage prepaid or (iii) sent by reputable overnight courier. Until changed by written notice to the other party, notices to each party must be addressed as follows:

Notices to Payee: Showhomes Franchise Corporation
2110 Blair Blvd.
Nashville, TN 37212
Attn: Bert Lyles
Notices to Maker: _____
_____
_____
_____

Notices and other communications given as provided herein shall be deemed received (i) if personally delivered, then on the date of delivery; (ii) if mailed, then on the date of delivery indicated on the return receipt; and (iii) if sent by overnight courier, then on the date of delivery as indicated on the signed airbill.

12. Jurisdiction and Venue. Any and all claims, disputes or controversies whatsoever arising from or in connection with this Note shall be commenced, filed and litigated, if at all, in the same judicial district as provided for in the Franchise Agreement, unless the conduct of such litigation is not within the subject matter jurisdiction of the court of such district. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

13. Jury Trial Waiver.

MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.

14. Governing Law. In order to effect uniform interpretation of the Note, this Note and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the state whose laws govern the Franchise Agreement. In the event of any conflict of law question, the law of such designated state shall prevail, without regard to the application of its conflict of law rules.

15. Amount Owing. The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

16. Remedies. No right or remedy conferred on or reserved to Payee or Maker by this Note is exclusive of any other right or remedy. Maker acknowledges that Payee may seek preliminary or permanent injunctive relief or declaratory relief if Maker violates or threatens to violate any provision of this Note. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees incurred by the prevailing party in any action or proceeding brought to enforce any provision of this Note or to enjoin any violation of this Note.

17. Assignment. Maker may not assign or transfer this Note, in whole or in part, whether by operation of law or otherwise, except with Payee's prior written consent. Payee may assign this Note in its sole discretion and without Maker's consent.

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER

_____

By: _____
Name: _____
Title: _____

EXHIBIT D-1

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

EXHIBIT D-1

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES[(2)]

(As of December 31, 2021)

STATE	OWNER	ADDRESS	TELEPHONE NUMBER
ALABAMA	Kim Odom	82 Plantation Pointe , PMB 265, Fairhope, AL 36532	251-622-5004
CALIFORNIA	Bob Kohlruss	1015 Riley Street, Ste. 2271, Folsom, CA 95630	916-204-2378
CALIFORNIA	Lisa Gulliver, Chris Gulliver	16091 San Dieguito Road #9415, Rancho Santa Fe, CA 92091	760-522-5334
CALIFORNIA	Marie Bonnet, Yann Bonnet	7636 Miramar Road, Suite 2100, San Diego, CA 92126	858-999-1644
CALIFORNIA	Uchenna Okwodu	23226 Valerio Street, West Hills, CA 91307	267-210-4010
COLORADO	Yasmin Buale	10000 East 59th Drive, Denver, CO 80238	303-916-5006
FLORIDA	Marisa Salas	1172 South Dixie Hwy #305, Coral Gables, FL 33146	305-442-9068
FLORIDA (2 Territories)	Jim Biby, Kaye Biby	4720 Salisbury Rd Ste 20, Jacksonville, FL 32256	904-710-5445
FLORIDA	Liliana Warr, Theresa Akers	3813 Gunn Hwy Ste C, Tampa, FL 33618	813-737-0048
GEORGIA	Sylvia Gholston, Reginald Gholston	4385 Laurian Drive, Kennesaw, GA 30144	404-444-8318
GEORGIA	Dan Ortega(1)	5895 Shiloh Road, Suite 106 Alpharetta, GA 30005	770-391-0852

STATE	OWNER	ADDRESS	TELEPHONE NUMBER
ILLINOIS (4 Territories)	Barbara Bliss	13705 West Irma Lee Court, Lake Forest, IL 60045	847-604-1992
KANSAS (2 Territories)	Kent Welch	15245 Metcalf Ave, Overland Park, KS 66223	913-449-4555
MICHIGAN	Renee Douglas, Michael Douglas	16164 Crystal Downs E, Northville, MI 48168	586-709-5071
MINNESOTA (3 Territories)	Ann Jensen Warren, Ted Warren	7159 Shady Oak Road, Eden Prairie, MN 55344	612-237-6362
NORTH CAROLINA (2 Territories)	Leanne Gemma	7151 O'Kelly Chapel Road, #125, Cary, NC 27519	919-444-2911
NORTH CAROLINA (2 Territories)	Frederick Pierson, Lorraine Pierson	105 Eaton Pl, Cary, NC 27513	919-244-9688
NORTH CAROLINA	Nancy Jones, Robbie Jones	510 LA White Dr #12, Fletcher, NC 27832	336-778-6566
NORTH CAROLINA	Nancy Jones, Robbie Jones	1245 Huntingdon Rd, Winston-Salem, NC 27104	336-778-6566
OKLAHOMA	John Stockton (1)	1425 S Santa Fe Ave Edmond OK 73003	405-285-1200
OKLAHOMA	Brenda Hendryx, Jean Hendryx	8263 S. Harvard Avenue, # 908, Tulsa, OK 74137	918-728-4444
OREGON	Catherine Chandler	2074 NE Aloclek Dr Ste 421, Hillsboro, OR 97124	503-720-1067
PENNSYLVANIA (2 Territories)	Allyson Piccolomini, Monica Estes	32 N Bacton Hill Rd, Suite A, MALVERN, PA 19355	610-248-9187
SOUTH CAROLINA	Lorelie Brown, Coy Brown	124 Hudson Lane, Suite 101, Wando, SC 29492	843-606-2811
TENNESSEE	Kelly Allgood, Lee Allgood	1207 Worthington Street, Chattanooga, TN 37405	

STATE	OWNER	ADDRESS	TELEPHONE NUMBER
TEXAS	Kelly Rose(1)	12700 Hillcrest Road Suite 172 Dallas, TX 75230	972-243-1929
TEXAS	John Arend	7460 Warren Parkway, Suite 100, Frisco, TX 75034	918-586-2967
TEXAS	Shelley Barndollar, Pratt Barndollar	5863 W 34th St, Houston, TX 77092	832-729-2511
TEXAS	Laura Landesman, Greg Landesman	34 Lindenberry Cir, The Woodlands, TX 77389	281-475-9661

(1) Two of our former owners and a sublicensee of one of them operate one Showhomes Business each in Oklahoma, Georgia, and Texas under agreements that differ materially from the terms of the Franchise Agreement offered by this Franchise Disclosure Document.

(2) Many of these franchisees operate in more than one Territory.

List of Franchisees - Signed but Unopened as of December 31, 2021

None.

EXHIBIT D-2

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

LIST OF FORMER FRANCHISEES

(between January 1, 2021 and December 31, 2021)

The following is a list of Franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement (including transfers) during the most recently completed fiscal year or has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

STATE	OWNER	CITY AND STATE	TELEPHONE NUMBER
ARIZONA (2 Territories)	Janelle Joyce	Tempe, AZ	602-349-7840
FLORIDA	Laura Farrell	North Miami, FL	786 818-3619
ILLINOIS (3 Territories)	Tony Maurer, Fran Maurer	West Chicago, IL	630-363-1301
NEW MEXICO	Elisa and Brandon Macomber	Santa Fe, NM	505-470-2511
NORTH CAROLINA	Carol Apa	Harrisburg, NC	845-821-3647
TENNESSEE	Jamie Little	Nolensville, TN	615-283-6168
TENNESSEE (2 Territories)*	Bert Lyles	Nashville, TN	615-337-9444

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

EXHIBIT E

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219-3630 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT F

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

STATE APPENDIX

EXHIBIT F

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

STATE APPENDIX

FOR THE STATE OF CALIFORNIA

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 FRANCHISE DISCLOSURE DOCUMENT.

1. The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Financial Protection and Innovation, along with a copy of all proposed agreements relating to the sale of the franchise be delivered to you prior to solicitation of a sale or a proposed material modification of your Franchise Agreement.

ITEM 3 of the Franchise Disclosure Document is amended as follows:

Neither the franchisor nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a et. seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 16 of the Franchise Disclosure Document is amended as follows:

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

ITEM 17 of the Franchise Disclosure Document is amended as follows:

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

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

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

The limitations of claims provision in the Franchise Agreement (Section 20.14) will not act to reduce the statute of limitations periods afforded a franchisee under Sections 31303 and 31304 of the California Franchise Investment Law (the "Law") for claims arising under the Law.

The maximum allowable interest rate in California is 10% per year.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

FOR THE STATE OF ILLINOIS

ITEMS 5 and 7 of the Franchise Disclosure Document are amended as follows:

Franchisor will defer collection of the initial franchise fee and the purchase price of any marketing materials or any other items that you must buy from us or our affiliate until you have begun operating the Showhomes Business. After you begin operating the Showhomes Business, you must pay to us all deferred payments. The Illinois Attorney General's Office has imposed the fee deferral requirement because of our financial condition.

ITEM 17 of the Franchise Disclosure Document is amended as follows:

In accordance with Illinois law, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement with respect to those claims arising under the Illinois Franchise Disclosure Act or any other Illinois statute or regulation; Tennessee law will govern all other claims.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

FOR THE STATE OF MARYLAND

ITEM 5 of the Franchise Disclosure Document is amended as follows:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement

ITEM 17 of the Franchise Disclosure Document is amended as follows:

Any release required as part of the Agreement or as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The contractual limitations period contained in Section 20.14. of the Franchise Agreement will not act to reduce the three-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

Subject to your arbitration obligations, any provision in the Agreement which requires litigation may be conducted in a forum other than the State of Maryland will not limit any rights you may have under the § 14-216(c)(25) of the Maryland Franchise Law to bring suit in the State of Maryland.

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

The Franchise Agreement requires application of the laws of Tennessee, although claims arising under the Maryland Franchise and Disclosure Law shall be governed by such law.

FOR THE STATE OF MINNESOTA

ITEM 13 of the Franchise Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

ITEM 17 of the Franchise Disclosure Document is amended as follows:

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

ITEM 17 does not provide for a prospective general release of any claims against Franchisor which may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document, the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

FOR THE STATE OF NEW YORK

ITEM 3 is amended by the addition of the following language:

Neither franchisor nor any person identified in Item 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them alleging a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither franchisor nor any person identified in Item 2 has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither franchisor nor any person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

Neither franchisor nor any person identified in Item 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or 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.

ITEM 4 is amended to state that:

Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Franchise Disclosure Document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to

start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

ITEM 5 is amended to add the following:

The Franchise Fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Business for business.

ITEMS 6 and 11 are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products which were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

ITEM 17 is amended to add the following:

Any condition, stipulation or provision contained in the Franchise Agreement which purports to bind you to waive compliance with any provision of the New York General Business Law (Article 33, Sections 680 through 695) or any rule promulgated thereunder, may be void and unenforceable under the nonwaiver provision of such law.

New York General Business Law, §687.5 prohibits us from requiring you to assent to a release, assignment, novation, waiver, or estoppel that would relieve a person from any duty or liability imposed by such law. To the extent the Franchise Agreement requires you to waive or release any claims you may have against us or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would serve to relieve any person from liability under the FRDL, such release, waiver or acknowledgment shall not apply and shall be void to the extent that they would violate the nonwaiver provisions of the New York General Business Law. No general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.

ITEM 17(j) is amended to state, that no assignment will be made except to an assignee that, in the good faith judgment of Franchisor, is able to assume our obligations under the Agreement.

ITEM 17(w) is amended to state that New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Section 680-695.

FOR THE STATE OF VIRGINIA

ITEM 5 of the Franchise Disclosure Document is amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FOR THE STATE OF WASHINGTON

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

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

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

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

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

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

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

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

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

EXHIBIT G

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT H

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

EXHIBIT H

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

To all to whom these Presents shall come or may Concern, Know That _____ [a corporation organized under the laws of the State of _____][an individual domiciled in the State of _____] as RELEASOR, in consideration of the consent of Showhomes Franchise Corporation and other good and valuable consideration, hereby releases and discharges Showhomes Franchise Corporation as RELEASEE; RELEASEE'S corporate parents, subsidiaries or affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and RELEASEE'S heirs, executors, administrators, successors and assigns, from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that all liabilities arising under Indiana Code Sec. 23-2-2.7 and/or the Maryland Franchise Registration and Disclosure Law are excluded from this release, and that all rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its 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, Section 687.4 and 687.5 be satisfied. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) has executed this RELEASE, and (if a corporation) has caused this RELEASE to be executed by a duly authorized officer as of the date indicated below.

RELEASEE:		RELEASOR:	
Showhomes Franchise Corporation		_____	
By:	_____	By:	_____
Name:	_____	Name:	_____
Title:	_____	Title:	_____
Date:	_____	Date:	_____

EXHIBIT I

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

EXHIBIT I

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

Applicant _____

(If corporation) State of Incorporation _____

Address of Applicant _____

Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Showhomes Franchise Corporation (the "Franchisor") the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of the Franchisor's covenants and obligations and my obligations as a franchisee of the Showhomes® system. I understand that the Franchise Agreement contains all obligations of the parties and that Franchisor does not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchised business, as in all business ventures, involves risk and, despite assistance and support programs, the success of my business will depend largely upon me and my ability.

5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. I understand that Franchisor has established a national marketing and promotional program which is not directed towards any specific franchise territory but is intended to benefit the entire Showhomes® system nationwide. I further understand that amounts from the national marketing and promotional fund (if established) will be used to offset any in-house expenses Franchisor incurs in providing marketing services, media planning, and network marketing support.

7. I understand that I am responsible for complying with all federal, state and local laws, including licensing and certification requirements, applicable to the operation of the franchised business.

8. I understand that I must maintain the staffing requirements required by the Franchisor for the franchised business, my staff must be competent, conscientious, and trained, and I must take such steps as are necessary to ensure that my staff preserves good customer relations and complies with the dress code as prescribed.

9. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

_____

_____

_____

_____

Applicants' Acknowledgment:

Name:_____ Name:_____

Date:_____ Date:_____

EXHIBIT J

SHOWHOMES FRANCHISE CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES & RECEIPTS

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Receipt

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

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit E.

The franchisor is Showhomes Franchise Corporation located at 2110 Blair Blvd., Nashville, Tennessee 37212. Its telephone number is (615) 292-0892.

Issuance Date: May 5, 2022.

Our franchise sellers involved in offering and selling the franchise to you are Bert T. Lyles and Matt Kelton, 2110 Blair Blvd., Nashville, Tennessee 37212, (615) 292-0892, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

We authorize the respective state agencies identified on Exhibit E to receive service of process for us in the particular state.

I have received a disclosure document dated May 5, 2022, that included the following Exhibits:

A	Financial Statements	F	State Appendix
B	Franchise Agreement	G	Manual Table Of Contents
C	Promissory Note (Deferred Initial Fee)	H	General Release
D-1	List of Franchisees	I	Franchisee Compliance Questionnaire
D-2	List of Former Franchisees	J	State Effective Dates & Receipts
E	List of State Administrators; Agents for Service of Process		

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

Copy for Franchisee

Receipt

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

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit E.

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D-2	List of Former Franchisees	J	State Effective Dates & Receipts
E	List of State Administrators; Agents for Service of Process		

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Copy for Showhomes Franchise Corporation

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Christie Crawford by email to ccrawford@showhomes.com.

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