FRANCHISE DISCLOSURE DOCUMENT

SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC
A Delaware Limited Liability Company
18881 Von Karman Avenue, Suite 800
Irvine, California 92612
(949) 705-5000
E-mail: jamie.lung@sperrycga.com
URL: www.sperrycga.com

As a Sperry ~~Commercial Global Affiliates~~ franchisee, you will operate a Real Estate outlet providing real estate sales and leasing programs, and related services that we authorize.

The total investment necessary to begin operation of a Sperry ~~Commercial Global Affiliates~~ franchised outlet is $14,800 to $181,500. This includes $5,000 to $10,000 which must be paid to the franchisor and its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jamie Lung at Sperry Commercial Global Affiliates, LLC, 18881 Von Karman Avenue, Suite 800, Irvine, California 92612; telephone (949) 705-5000.

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

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

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

Issuance Date: **February 28, 2024 ~~21, 2023~~**

How to Use This Franchise Disclosure Document

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

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

SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

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

To simplify the language, this disclosure document uses "we" or "us" to mean Sperry Commercial Global Affiliates, LLC. "You" means the individual or entity buying the Sperry ~~Commercial~~ franchise. All persons who own 20% or more of the franchise are "Principal Equity Owners".

The Franchisor, Parents and Affiliates

We are the franchisor for the Sperry Commercial Global Affiliates real estate brokerage system. Our principal business address is 18881 Von Karman Avenue, Suite 800, Irvine, California 92612.

We have no parent entity.

Sperry Commercial, Inc. is an affiliated entity that owns the trademarks we license to you under the Franchise Agreement. Sperry Commercial, Inc. is located at 18881 Von Karman Avenue, Suite 800, Irvine, California 92612. Sperry Commercial, Inc. may provide services to our franchisees. Sperry Commercial, Inc. has not offered franchises in any line of business.

Other than Sperry Commercial, Inc., we are not controlled by, controlling, or under common control with any other entity that that provides goods or services to our franchisees or that offers franchises in any line of business.

Predecessors

We have no predecessor.

Name Used by the Franchisor

We conduct business under the names "Sperry Commercial Global Affiliates" and "Sperry~~CGA~~" (collectively, the "Marks"). We do not intend to use any other name to conduct business.

Agent for Service of Process

Our agents for service of process are Rand Sperry, 18881 Von Karman Avenue, Suite 800, Irvine, California 92612 and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin) the state office or official listed in Exhibit E of this disclosure document.

Business Organization Used by the Franchisor

We are a limited liability company, originally organized as a corporation in Delaware on December 12, 2014, and then converted to a limited liability company in Delaware on April 26, 2016.

The Franchisor's Business

We act solely as a franchisor of Sperry Commercial Global Affiliates franchises. We began franchising in September 2016. We do not operate businesses of the type being franchised, do not conduct (nor have we conducted) business in any other line of business, and do not offer (nor have we offered) franchises in any other line of business.

The Business the Franchisee Will Conduct

Our franchise is a license to independently own and operate one or more offices ("Offices") providing full-service commercial real estate brokerage services and related services (collectively, "Sperry~~CGA~~ Services") to buyers and owners of commercial real property, strictly in accordance with our methods and format (which we can periodically change) and using our designated technology and techniques. You must employ or associate at the Office at least one real estate broker. If you want to engage in business brokerage services (you must have the appropriate liability insurance and a state license, if required, in effect), we may allow you to do so at your Office by executing the Addendum to Franchise Agreement Authorizing Business Brokerage (the form of this addendum is attached as Exhibit A-2 of this disclosure document).

General Market for Franchised Products and Services

The general market you will operate the business in involves buyers and sellers of commercial property. The market for Sperry~~CGA~~ Services is all individuals within a reasonable proximity to the Office. This type of business involves sales and leasing services primarily to buyers, owners and tenants of commercial real property. This type of business is fully developed and is not seasonal.

Industry Specific Laws or Regulations

In most states, you will need a real estate broker's license issued by the real estate licensing agency of your state. If applicable to you, in some states, a real estate broker's license would authorize you to engage in business brokerage services. However, if you are going to engage in business brokerage, check the laws in your state to determine if a separate license is required. And there are specific regulations pertaining to operating in the commercial real estate industry (and business brokerage services if applicable to you) and you must comply with all local codes, regulations and licensing requirements. Some states also require franchised real estate brokers to identify themselves as franchised real estate brokers when offering their services to the public. You should consult with local agencies and your attorney. You must obtain all required licenses and permits and ensure that your sales agents, employees and others providing Sperry~~CGA~~ Services to customers at or through your Office have all required licenses and permits. The failure to maintain the proper licensing is a material breach of the Franchise Agreement. You will also need a business license, and you must comply with federal, state and local laws applicable to the operation of commercial real estate brokerage businesses, as well as occupational health and safety laws, and the Americans with Disabilities Act. Although you are not engaged to act as or sales agent to recruit third-party franchisees, before you ever do so, you may need to be registered as a sales agent under state franchise laws. You must be a member of your local Board of Realtors.

Competition

All Sperry Commercial Global Affiliates franchisees will compete with other commercial real estate organizations that offer services comparable to the Sperry~~CGA~~ Services as well as recruiting top-producing sales agents, including CB Richard Ellis, Colliers International, Jones Lang LaSalle, Cushman & Wakefield, Newmark, and other national chains, independent real estate brokers and agents and independently owned real estate companies offering

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The Initial Franchise Fee is either $10,000 (if the Office licensed under the Franchise Agreement employs or associates five or more "Real Estate Brokers and Agents", as defined in the Franchise Agreement) or $5,000 (if the Office licensed under the Franchise Agreement employs or associates from one to four Real Estate Brokers and Agents).

The Initial Franchise Fee is due and payable in full to us when you sign the Franchise Agreement (some states may require payment of these fees to be deferred until you open for business, see Exhibit F of this disclosure document). The Initial Franchise Fee is fully earned by us when paid, and no refunds are available. If you are referred to us by an existing Sperry~~CGA~~ franchisee, we may remit to that referring franchisee a referral fee.

After Initial Orientation has been successfully completed by you, no refunds are available. If you do not successfully complete Initial Orientation, or if we cannot agree on a suitable site for your Outlet within 180 days after you sign the Franchise Agreement, we may unilaterally cancel the Franchise Agreement, and if we do so, we will refund the initial franchise fee and development fee you paid, less any expenses we incurred in processing your Franchise and the Franchise Agreement.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Office opens.

ITEM 6: OTHER FEES

Type of Fee	Amount[1]	Due Date[2]	Remarks
Monthly Royalty	$300[3] for each Real Estate Broker and Agent and Junior Agent[4] employed by or associated with your Office at the end of each calendar month, plus a "Royalty Override" of 2% of the "Gross Commission Income" (or "GCI") of your Office that is greater than $100,000 in a calendar year.	Dollar amount Royalties are due on the first day of the following month; percentage Royalty Overrides are reported on the third business day and payment is due on the fifth business day of the following month.	Dollar amount Royalties are paid monthly. When aggregate GCI in a calendar year exceed $100,000[3], the monthly Royalty will also include a "Royalty Override" of 2% of the GCI received by your Office during the previous month. Once the $100,000 annual threshold is reached and the Royalty Override is applicable, you must report having reached the annual threshold and begin paying the Royalty Override by the next monthly due date, or you will be subject to a late payment penalty. Any GCI you earn from real estate listings that you obtained before the effective date of the Franchise Agreement will not be subject to the

of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

4. No monthly royalty would be payable for the first six months of the employment or engagement by a Franchisee of a “Junior Agent”, defined in the Franchise Agreement as an employee of a Franchisee who has been a licensed real estate agent for not more than 18 months, has not independently arranged for a commercial real estate brokerage transaction that has closed, and is engaged in normal brokerage activities under a Franchisee's mentorship to become a “Real Estate Broker or Agent” (as defined in the Franchise Agreement) capable of independently arranging for commercial real estate brokerage transactions. However, upon the earlier of (i) the sixth month anniversary of the Junior Agent's employment by the Franchisee or (ii) the Junior Agent being credited with closing their first commercial real estate brokerage transaction, the Junior Agent must be certified as a Real Estate Broker or Agent, thereby subject to Monthly Royalty, or no longer act as Junior Agent.

5. An “Established Office” means a franchisee having 10 or more licensed full time experienced Real Estate Broker or Agents, but not including Junior Agents, employed or under contract at the time the Franchisee acquires the Sperry~~CGA~~ Franchise. An Established Office will have up to 18 months to completely transition to full operation under our Marks, including making changes to office signs and listed or client property signage, printed materials, promotional items, business cards and Internet identity (email addresses and website).

6. An “Established Office XL” means a franchisee having 17 or more licensed full time experienced Real Estate Brokers or Agents and Junior Agents, employed or under contract at the time the Franchisee acquires the Sperry~~CGA~~ Franchise. An Established Office XL will have up to 18 months to completely transition to full operation under our Marks, including making changes to office signs and listed or client property signage, printed materials, promotional items, business cards and Internet identity (email addresses and website).

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

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]	$5,000 to $10,000	Lump sum; non-refundable	When you sign the Franchise Agreement.	Sperry Commercial Global Affiliates, LLC
Grand Opening Advertising [2]	0 to $2,500	Lump sum; non-refundable	Within 30 days after you sign the Franchise Agreement.	Various suppliers
Initial orientation (training) travel/living expenses[3]	$1,000 to $5,000	As incurred	During orientation	Travel and lodging vendors
Office set-up, lease, and leasehold improvements[4]	$1,500 to $105,000	As arranged	As arranged	Designers, landlord and other vendors
Computer hardware and software, furniture and fixtures [5]	$1,000 to $20,000	As arranged	As arranged	Designated and other vendors
Exterior office signs and graphics[6]	$1,000 to $8,000	As arranged	As arranged	Designated and approved vendors

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Insurance[7]	$500 to $10,000	As incurred	As arranged	Insurance company
Miscellaneous opening costs[8]	$1,800 to $11,000	As incurred	Before and during opening	Landlord, municipalities, suppliers, utilities, attorneys, accountants and other professionals
Additional funds – 3 months [9]	$3,000 to $10,000	As incurred	After opening	Employees, landlord, other vendors
TOTAL[10]	**$14,800 to $181,500**			

1. This fee must be paid in full at the time indicated (however, some states may require payment of these fees to be deferred until you open for business, see Exhibit F of this disclosure document). To be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the franchise.

2. Although we do not obligate you to do so, within the first 60 days after the Opening Date, we recommend you spend up to $2,500 (and you may spend more) on the grand opening advertising and promotion of your Office, using the grand opening promotional program that we approve or provide you. After you complete the grand opening advertising and promotion of your Office, we recommend you spend additional amounts each month on the local marketing, advertising, and promotion of your Office. Any advertising and promotion using our trademarks may only be done with our prior consent or in the manner specified in the Confidential Operations Manual (the "Manual"). Also, on a regional or system-wide basis, we may also impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if two-thirds of all affected Sperry Commercial Global Affiliates offices agree to such additional assessment by affirmative vote.

3. Initial orientation to the Sperry~~CGA~~ system is typically accomplished in two days in Irvine, California and in our discretion, may be followed by assistance of our representatives during the first 12 months after your Office opens. These expenses represent the wages, travel and living expenses for you and your staff during this orientation.

4. Many of our franchisees will already have an operating real estate office that we will consent to as acceptable to be operated as an Office. If you are not converting your existing office to an Office, you will need to rent or lease a suitable site for your Office and the rent or lease deposit amount will vary depending on the location. A security deposit equal to one month's rent is a standard requirement to execute an office lease, and landlords may ask for additional security deposits equal to as much as three months of rent. We may recommend the design of your office and may require a distinctive trade dress for the Office. The amounts listed in this type of expenditure are estimates that are based on basic build out of our Office design but do not include many variables related to the pre-existing condition of any one location. Building permits may be required for the build-out of your Office, the cost for which has been included in these estimates.

5. You must use an acceptable business computer and approved software. The cost of operational and promotional materials ranges from $500 to $1,500.

6. The quantity, size, type and cost of signs will vary substantially per lease space and in accordance with stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits. All signs must comply with the guidelines contained in the Manual.

We may also consider the impact of an additional supplier (and consequent reductions in supplier volume and increase in distribution expense) on the overall supply chain being used by the system.

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized Sperry Commercial Global Affiliates products and services to its franchisees through the Manual and other communications in writing or by email. We also issue specifications and standards regarding authorized Sperry Commercial Global Affiliates products and services to its designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

In ~~2022~~ 2023, neither we nor any of our affiliates derived revenue, rebates or other material consideration because of required purchases or leases by Sperry Commercial Global Affiliates franchisees.

Payments to us, our designees, and our approved suppliers, or under our specifications (i) in establishing your Office will range from 22% to 46% of your total initial investment and (ii) in operating your Office will range from 10% to 30% of your total monthly expenses.

Cooperatives

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

Negotiated Purchase Arrangements

We have not negotiated purchase arrangement and price terms with other suppliers for the benefit of franchisees, although we may do so in the future.

Material Benefits Based on Franchisee Purchases

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

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in franchise agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	6, 11
b.	Pre-opening purchases/leases	7.2, 7.3	8
c.	Site development and other pre-opening requirements	7.1-7.3	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	11
e.	Opening	3.3, 7.2, 7.3	11

charge a fee for unscheduled training or assistance of up to $750 per day. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2 of the Franchise Agreement.)

(3) Will notify you if the general state of repair, appearance or cleanliness of your Office or its signs do not meet our standards (in connection with your ongoing obligation to maintain the Office in accordance with our standards) and specify the action you must take to correct the deficiency (see section 8.11 of the Franchise Agreement).

(4) May conduct a system-wide mandatory meeting (or annual convention) not more than once a year in Southern California or other place in the United States. Attendance of at least one Office Manager and at least one Principal Equity Owner at these meetings is highly recommended. You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings. (See section 6.3 of the Franchise Agreement.)

(5) Will provide you with full access to, and integrate information about your Office into, the Sperry Commercial Global Affiliates website in accordance with our specifications (see section 6.2 of the Franchise Agreement).

Advertising Program for the Franchise System

We do not currently collect from our franchisees any advertising, marketing or promotion fees or contributions. However, we do recommend that you spend at least $2,500 on the grand opening advertising and promotion of your Office, using the grand opening advertising and promotional program we designate in the Manual or otherwise approve (see section 4.3(a) of the Franchise Agreement). We also encouraged you to spend additional amounts on the local marketing, advertising and promotion of your Office, using marketing and promotional materials we have pre-approved or otherwise authorize in writing (see section 4.3(b) of the Franchise Agreement).

On a national or regional basis, we may impose an additional assessment on all affected Sperry Commercial Global Affiliates franchisees for special advertising or promotional activities, but only if two-thirds of all affected franchised Offices agree to this additional assessment in writing (see section 4.3(c) of the Franchise Agreement).

You are obligated to maintain and occasionally refurbish the Office to conform to our currently effective "Trade Dress" (as defined in the Franchise Agreement) and color standards for Sperry~~CGA~~ Offices. This maintenance and refurbishment may require expenditures by you on structural changes, installing new equipment, remodeling, redecoration and modifications, or to accommodate new Sperry~~CGA~~ Services. You must maintain all equipment and furnishings used at the Office in good working order and make repairs or perform maintenance as needed. You also must make all upgrades to equipment and any technology used in the Office that we may require, and we may periodically require you to update the Trade Dress (possibly including installation of new color schemes, logos, signage or other visual elements) used at the Office. Details on Trade Dress updates will be contained in the Manual or as otherwise provided to you in writing. We anticipate that Trade Dress updates will be required no more frequently than once every five years (see section 8.5 of the Franchise Agreement).

We intend to use the Internet (including our website), social media and targeted print media in our marketing and advertising efforts. And in the future, we may use local radio and television advertising. We will be using in-house advertising personnel to do this, but we also intend to hire advertising and public relations firms to assist us in these efforts. We are not required to spend any advertising fees in your territory or in or near your Office, although we may do so.

You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing (approval or disapproval will be given within 10 business days after you submit the advertising materials to us).

We do not have an advertising council composed of franchisees that advises us on advertising policies.

We are not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, outlets affiliated with us will contribute to the cooperative on the same basis as Sperry Commercial Global Affiliates franchisees. We have the right to require cooperatives we create to change, dissolve or merge. We determine, in our sole discretion, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns.

In ~~2022~~ 2023, we neither collected nor expended any Marketing and Promotion Fees.

Computer Requirements

You are not required to purchase or lease a POS system or electronic cash register. However, you must use and maintain the Computer System (including all related hardware and software) and report all gross commissions received at your Office through the SperryCENTRAL system as specified in the Manual or otherwise by us in writing for use at the Office. We don't specify or recommend the brand or type of business computer you use; but if we do so in the future, you will be notified. We also require you to maintain an e-mail account and connect the Computer System to a dedicated Internet line (or other communications medium that we specify) at all times and be capable of accessing the Internet via a third-party network designated by us in the Manual or otherwise in writing. We will have independent access to your Computer System on a daily or other basis at the times and manner determined by us or our designated affiliate, with or without notice, and to retrieve transaction information (including sales, sales mix, usage and other operations data) that we deem appropriate. You must always have and maintain adequate anti-virus software in any computer you use to communicate with us directly or through our master website or intranet. (See section 8.4 of the Franchise Agreement.) In the future we may require you to use designated real estate management software in the operation of the Computer System ("Designated Software"). If we do so, you must license or sublicense the Designated Software from our approved licensor and enter into a software license agreement on the software licensor's current form and pay any related license or maintenance fees. We may require you to update or replace the Computer System upon 90 days written notice, but you will not be required to replace the Computer System any more frequently than once every five years. We estimate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the Computer System will range from $500 to $1,000.

Operations Manual

We will loan you one copy of our Manual (containing a total of 100 pages) and other applicable manuals during the relevant phases of initial orientation (see section 8.2 of the Franchise Agreement). This Manual contains mandatory and suggested specifications, standards and procedures for operation of your Office.

We will periodically modify the Manual and when we do so, you must comply with these changes when you receive them. This Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in material violation of the Franchise Agreement and all other agreements you have with us (see section 8.2(c) of the Franchise Agreement).

The following is the Table of Contents of the Manual as of the date of this disclosure document.

Topic	Number of Pages
Section 1 - Introduction Letter from the Chairman Executive Team Franchise Team How the Operations Manual Can Help You Confidentiality of Content Modifications to Manual	8
Section 2 - Pre - Opening Procedures Getting Started - Transition Timeline Countdown to Launch Advertising & Pre-Opening Weekly Planner	5
Section 3 - Office Policies & Operations Office Standards Office Management Procedures Selecting the Name of Your Legal Entity Licenses, Permits, Registrations & Insurance Required Labor Posters & Building Permits Signs General Procedures Franchisor/Franchisee Relationship Retention of Office Records Litigation and Claims Conduct of Franchised Business Insurance Requirements Errors and Omissions Human Resources Sperry~~CGA~~ E-Mail & Intranet Set-Up Procedures Intranet Privacy Policy	19
Section 4 - Standards of Conduct	2
Section 5 - Franchise Services Introduction Our Commitment - Founder's Pledge Retention/Commission Matrix - Sample Training & Education Affiliate "Performers Club" Awards Program Intranet and Marketing Systems Franchise Support Systems	10

Topic	Number of Pages
Section 6 - Accounting Reports & Records Financial Reporting - Realty & Lead Referral Reporting Commission Disbursement Schedule/Record Keeping	2
Section 7 - Trademarks & Logos General Guidelines & Use - Service Mark Visual Identity Use of Your DBA Guidelines for Required Disclaimer Grammatical Guidelines Display Advertising/Guidelines Postcards Email Design & Marketing	14
Section 8 - Sperry~~CGA~~ Graphic Standards Sperry Commercial Global Affiliates Stationery and Business Cards Property Signage Office Signs Required Disclaimer Other Logos	7
Section 9 – Affiliate Website Standards and Guidelines Choosing your Domain Name Creating Your Website Website Style Guide	11
Section 10 - Recommended Suppliers Recommended Suppliers	1
Section 11- Appendix Email & Intranet Set-Up/Cancellation Form - Sample SperryCENTRAL Easy Guide Overview Business Card & Stationery Order Procedures Co-Listing Agreement Form - Sample Lead Referral Contract Form - Sample Statement of Commissions Earned Wiring Instructions - Sample Sperry~~CGA~~ New Employee Checklist Form - Sample Statement of Royalty Overrides Form - Sample Sperry~~CGA~~ Proposal Package - Sample FDD & Franchise Agreement Standard E-Mail Signature Block - Sample Realtor Code of Ethics	21
Total Pages	**100**

INITIAL ORIENTATION PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Day 1			
8:30 - 9:00 AM Hosted Breakfast	.5	0	Irvine, California
9:00 - 10:00 AM Welcome - Rand Sperry Sperry Team Introductions/Affiliate Introductions	1.0	0	Irvine, California
10:15 - 10:45 AM Sperry~~CGA~~ Advantage (Pitchdeck)	.5	0	Irvine, California

because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

We do not grant you options or rights of first refusal to open additional Offices.

We have the absolute right to develop real estate brokerage business concepts under other brand names even if the locations for the concept are adjacent to your Offices, and market, distribute and sell, on a wholesale or retail basis, ancillary real estate services (such as mortgage, title insurance and escrow) under the Brand, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing method or other channels of distribution. We are not required to pay you compensation for soliciting or accepting customers of ancillary real estate services, but we may pay you referral fees for customers of such services that you refer to us.

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

We will publish or approve all website content containing our trademarks, and we will provide you with a presence on our master website. We will publish all website content and we will list your Office location on our master web site. We will maintain the “Uniform Resource Locator” (or “URL”) for the Sperry Commercial Global Affiliates website and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you authorized to establish your own personal websites (except social media sites) for the purpose of advertising your Office or our principal trademarks.

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

The continuation of your franchise rights to your Primary Area of Responsibility does not depend on your attaining a minimum level of sales, revenues or market penetration, or another contingency. The Primary Area of Responsibility granted by the Franchise Agreement may not be altered unless you and we mutually agree to do so. You will maintain rights to your Primary Area of Responsibility even if the population in that geographic area increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Office under the principal trademark “Sperry Commercial Global Affiliates”, and other current or future trademarks.

On October 10, 2017, the principal trademark “Sperry Commercial Global Affiliates” and logotype displayed on the cover of this disclosure document, was registered by our affiliated company

There are no infringing uses or superior previous rights known to us that can materially affect your use of the Marks in this state or any other state in which the franchised business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

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

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

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

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

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

Our Proprietary Rights in Other Confidential Information

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

The Franchise Agreement grants us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Sperry~~CGA~~ Services, any Sperry~~CGA~~ retail location and the Sperry~~CGA~~ System, without any form of compensation or remuneration. Under the Franchise Agreement you also agree (i) to have any Principal Equity Owner or other affected employee of yours sign a release in the form contained in the Manual that authorizes us to also use the employee's name, image and likeness for the purposes described the preceding sentence, without compensation or remuneration, and (ii) to provide us with a copy of such signed release.

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

We recommend but do not require principal owners of Sperry Commercial Global Affiliates franchises to actively participate in the direct management and operation of your Office. However, you must employ at your Office at least one designated Office Manager (if you are a sole proprietor, this could be you) who has successfully completed our Initial Orientation program. You must disclose the identity of the Office Manager to us and if he or she is for any reason no longer acting as Office Manager, you must notify us immediately and in writing.

The Office Manager must devote his/her full time during normal business hours to the management, operation and development of the Franchised Business, and cannot have an interest or be employed or engaged as an independent contractor by any of our business competitors. We do not require your Office Manager to have any ownership interest in your business, although he/she may do so. If the Office Manager does not own at least a 20% equity interest in your franchisee entity, he/she may be required to sign a confidentiality and non-competition agreement. We also recommend that you employ or engage the services of at least two new Real Estate Brokers or Agents at your Office during each six-month period after the Opening Date until a total of 12 new Real Estate Brokers or Agents are employed or engaged at your Office.

Each Principal Equity Owner signs a Guarantee of Franchise Agreement (attached as Exhibit 3 of the Franchise Agreement) requiring them to guarantee that all obligations of the franchisee under the Franchise Agreement (including provisions related to payments to franchisor, confidentiality and non-competition) are fulfilled.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell at the Outlet only those goods and services that we have approved.

You must offer and sell at your Office only Sperry~~CGA~~ Services and other goods and services that we designate as required for all franchisees or have approved.

We have the right to change and add other authorized goods and services that you will be required to offer. And we may require you to comply with other requirements, such as training, marketing or insurance, before we will allow you to offer additional goods or services. There are no limits on our right to do so. Notwithstanding the foregoing, the additional investment required of you for other authorized goods and services, which may include, but not limited to, equipment, supplies and initial inventory, will not exceed $2,500 per year, unless otherwise agreed to by the parties in writing.

Except for applicable laws restricting discrimination against customers based on public policy, there are no restrictions on the customers to whom you may sell Sperry~~CGA~~ Services and related products at your Office.

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

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in franchise agreement	Summary
a.	Length of the franchise term	5.1	The initial term of the Franchise Agreement is three years, five years or 10 years (as you select in the Franchise Agreement) from the Opening Date of your Principal Real Estate Office.
b.	Renewal or extension of the term	5.2	Upon written notice delivered to us not less than 120 days before the end of the existing term, you can add additional terms of one year, three years, six years or 10 years as selected by you. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you.
c.	Requirements for franchisee to renew or extend	5.2	Sign our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term, remodel your Offices (if necessary) and pay renewal fee. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement, but the boundaries of your Primary Area of Responsibility and the recurring fees you pay us will remain the same.
d.	Termination by franchisee	13.1	If we are in material breach (beyond any applicable cure periods), you can terminate your Franchise Agreement. (This provision is subject to applicable state law.)
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1	We can terminate the Franchise Agreement only if you are in material default. (This provision is subject to applicable state law.)
g.	"Cause" defined – curable defaults	13.3	You have 30 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Outlets) that can be cured. (This provision is subject to applicable state law.)
h.	"Cause" defined – non-curable defaults	13.2	Non-curable defaults under the Franchise Agreement: your bankruptcy or insolvency; your abandonment of the franchised business; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Office is seized, taken over, or foreclosed by a government official,

	Provision	Section in franchise agreement	Summary
h.	"Cause" defined – non-curable defaults [continued]		creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety. (This provision is subject to applicable state law.)
i.	Franchisee's obligations on termination or non-renewal	15.1	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due. (This provision is subject to applicable state law.)
j.	Assignment of contract by franchisor	12.1	No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume our obligations as franchisor under the Franchise Agreement.)
k.	"Transfer" by franchisee – defined	12.2(a)	The Franchise Agreement defines a transfer as a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise. ~~Any partial or complete assignment, sale, transfer, or encumbrance or any interest in your Franchise Agreement, your Office or any of its assets, and certain changes in ownership of you if you are an entity. Includes any transfer to a corporation, partnership, limited liability company, or other entity; any conversion, dissolution, merger, consolidation, or other reorganization, or sale or other transfer of any shares or membership units to a person or entity that is not an existing shareholder or member, or any sale of assets or change in the chief executive, operating, or financial officer or any manager; any change in or withdrawal of any partner or conversion, merger, consolidation, or other reorganization or any dissolution of the partnership; and any transfer from one person to any other.~~
l.	Franchisor's approval of transfer by franchisee	12.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval. (This provision is subject to applicable state law.)
m.	Conditions for franchisor approval of transfer	12.2	New franchisee qualifies, transfer fee paid, purchase agreement approved, initial orientation arranged, mutual release signed by you, and current agreement signed by new franchisee (see r. below). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. This notice will be in writing and delivered to you by business courier.
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity).
o.	Franchisor's option to purchase franchisee's business	Not applicable	We have no option or obligation to purchase your business upon termination or expiration of the Franchise Agreement. (This provision is subject to applicable state law.)

	Provision	Section in franchise agreement	Summary
p.	Death or disability of franchisee	12.6	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can place an interim manager in your Outlet, and you must pay us up to $750 per day as compensation for the interim manager, plus the manager's transportation, lodging and related living expenses.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	No involvement in competing business anywhere. (This provision is subject to applicable state law.)
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	You may not use for any purpose our trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the franchise system. (This provision is subject to applicable state law.)
s.	Modification of the agreement	8.2, 16.15	No modifications generally, but Manual subject to change. (This provision is subject to applicable state law.)
t.	Integration/merger clause	16.15	Only the terms of the franchise agreement are binding (subject to applicable state and federal law). No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
u.	Dispute resolution by arbitration or mediation	14.1-14.5	Except for certain claims, the parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc. in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more). Or if the parties agree, the dispute may be submitted to arbitration by another mutually acceptable arbitrator. We will maintain a position of strict neutrality regarding any disputes between owners of a franchisee entity, and we will not assist any specific owner of your entity, nor will we take a position or issue an opinion on the validity of a specific claim by an owner of your entity or the respective liabilities of owners of your entity involved in a dispute. (This provision is subject to applicable state law.)

	Provision	Section in franchise agreement	Summary
v.	Choice of forum	14.2(b), 14.3	Arbitration proceedings will take place in Orange County, California. Mediation proceedings may take place at any mutually agreed location. Any litigation proceedings will take place in an appropriate court in California. (This provision is subject to applicable state law.)
w.	Choice of law	16.14	The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under the Franchise Agreement. Otherwise, the laws of the state where the Office is located govern the Franchise Agreement and all related matters, documents and agreements. (This provision is subject to applicable state law.)

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Manager of Franchise Operations, Ms. Jamie Lung, Sperry Commercial Global Affiliates, LLC, 18881 Von Karman Avenue, Suite 800, Irvine, California 92612, telephone (949) 705-5000; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEM-WIDE OUTLET SUMMARY FOR YEARS ~~2020~~ 2021 TO ~~2022~~ 2023

Office Type	Year	Offices at the Start of the Year	Offices at the End of the Year	Net Change
Franchised	~~2020~~	~~45~~	~~57~~	~~+12~~
	2021	57	54	-3
	2022	54	57	+3
	2023	57	55	-2
Company-Owned	~~2020~~	~~9~~	~~5~~	~~-4~~
	2021	5	5	0
	2022	5	4	-1
	2023	4	4	0
	~~2020~~	**~~54~~**	**~~62~~**	**~~+8~~**

Office Type	Year	Offices at the Start of the Year	Offices at the End of the Year	Net Change
Total Offices	2021	62	59	-3
	2022	59	61	+2
	2023	61	59	-2

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS ~~2020~~ 2021 TO ~~2022~~ 2023

State	Year	Number of Transfers
~~Missouri~~	~~2020~~	~~1~~
	~~2021~~	~~0~~
	~~2022~~	~~0~~
Texas	~~2020~~	~~2~~
	2021	0
	2022	1
	2023	0
Totals	**~~2020~~**	**~~3~~**
	2021	**0**
	2022	**1**
	2023	**0**

Table No. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS ~~2020~~ 2021 TO ~~2022~~ 2023

State	Year	Offices at Start of Year	Offices Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Offices at End of the Year
Alabama	~~2020~~	~~2~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~3~~
	2021	3	0	2	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Arizona	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	~~2020~~	~~15~~	~~3~~	~~1~~	~~0~~	~~0~~	~~2~~	~~15~~
	2021	15	0	0	0	0	2	13
	2022	13	0	0	1	0	0	12
	2023	12	2	0	3	0	0	11
Colorado	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	~~2020~~	~~6~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~8~~
	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	~~2020~~	~~2~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~

State	Year	Offices at Start of Year	Offices Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Offices at End of the Year
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Georgia	2023	3	0	0	1	0	0	2
	~~2020~~	~~2~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Illinois	2023	3	0	0	0	0	0	3
	~~2020~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2023	1	1	0	1	0	0	1
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Massachusetts	2023	0	1	0	0	0	0	1
	~~2020~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2023	1	0	0	0	0	0	1
	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mississippi	2023	1	1	0	0	0	0	2
	~~2020~~	~~1~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2023	2	0	0	1	0	0	1
	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nevada	2023	1	0	0	0	0	0	1
	~~2020~~	~~0~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
New York	2023	2	0	0	0	0	0	2
	~~2020~~	~~1~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~1~~
	2021	1	1	0	0	0	1	1
	2022	1	0	0	0	0	0	1
North Carolina	2023	1	0	0	0	0	0	1
	~~2020~~	~~1~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Ohio	2023	3	0	0	0	0	0	3
	~~2020~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

State	Year	Offices at Start of Year	Offices Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Offices at End of the Year
Oregon	2023	1	0	0	0	0	0	1
	~~2020~~	~~3~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~3~~
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
South Carolina	2023	4	0	0	0	0	0	4
	~~2020~~	~~1~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2023	2	1	1	1	0	0	1
	~~2020~~	~~7~~	~~2~~	~~0~~	~~0~~	~~0~~	~~1~~	~~8~~
	2021	8	0	0	1	0	1	6
	2022	6	0	0	0	0	0	6
Texas	2023	6	1	0	1	0	0	6
	~~2020~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Washington	2023	2	0	0	0	0	0	2
	~~2020~~	**~~45~~**	**~~17~~**	**~~1~~**	**~~0~~**	**~~0~~**	**~~4~~**	**~~57~~**
	2021	**57**	**4**	**2**	**1**	**0**	**4**	**54**
	2022	**54**	**4**	**0**	**1**	**0**	**0**	**57**
Totals	**2023**	**57**	**7**	**1**	**8**	**0**	**0**	**55**

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ~~2020~~ 2021 TO ~~2022~~ 2023

State	Year	Offices at Start of Year	Offices Opened	Offices Reacquired from Franchisees	Offices Closed	Offices Sold to Franchisees	Offices at End of the Year
	~~2020~~	~~6~~	~~0~~	~~0~~	~~4~~	~~0~~	~~2~~
	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1
California	2023	1	0	0	0	0	1
	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Colorado	2023	1	0	0	0	0	1
	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Georgia	2023	1	0	0	0	0	1
	~~2020~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Texas	2023	1	0	0	0	0	1
	~~2020~~	**~~9~~**	**~~0~~**	**~~0~~**	**~~4~~**	**~~0~~**	**~~5~~**
	2021	**5**	**0**	**0**	**0**	**0**	**5**

State	Year	Offices at Start of Year	Offices Opened	Offices Reacquired from Franchisees	Offices Closed	Offices Sold to Franchisees	Offices at End of the Year
Totals	2022	5	0	0	1	0	4
	2023	4	0	0	0	0	4

Table No. 5

PROJECTED SYSTEM-WIDE OPENINGS AS OF DECEMBER 31, ~~2022~~ 2023

State	Franchise Agreements Signed But Offices Not Opened	Projected New Franchised Offices in the Next Fiscal Year	Projected New Company-Owned Offices in the Next Fiscal Year
California	1 ~~0~~	2 ~~1~~	0
~~Colorado~~	~~0~~	~~1~~	~~0~~
~~Connecticut~~	~~0~~	~~1~~	~~0~~
Florida	0	1	0
Kansas	0	1	0
Kentucky	0	1	0
~~Massachusetts~~	~~0~~	~~1~~	~~0~~
Michigan	0	1	0
~~Mississippi~~	~~1~~	~~1~~	~~0~~
Nevada	1	1	0
New Jersey	0	2	0
New York	0	1	0
Pennsylvania	0	1	0
Tennessee	1 ~~0~~	1	0
Texas	0	1	0
Washington	0	1	0
Totals	**3 ~~1~~**	**12**	**0**

Exhibit C of this disclosure document lists, as of December 31, ~~2022~~ 2023, (i) the names, addresses and telephone numbers of all open and operating Sperry Commercial Global Affiliates franchise outlets, (ii) the names, addresses and telephone numbers of all franchisees who signed Franchise Agreements but had not yet opened their Sperry Commercial Global Affiliates franchise outlet, and (iii) the addresses of all open and operating Sperry~~CGA~~ real estate offices owned by related entities.

Exhibit D of this disclosure document lists, as of December 31, ~~2022~~ 2023, the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Sperry Commercial Global Affiliates franchise system being offered.

There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B to the disclosure document contains our audited financial statements for our fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021~~, and December 31, 2020~~.

ITEM 22: CONTRACTS

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

Exhibit A-1 - Franchise Agreement
Exhibit A-2 - Addendum to Franchise Agreement Authorizing Business Brokerage Services
Exhibit A-3 - Addendum to Franchise Agreement Authorizing Property Management Services

ITEM 23: RECEIPTS

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

SPERRY COMMERCIAL GLOBAL AFFILIATES

FRANCHISE AGREEMENT

EXHIBIT A-1

TABLE OF CONTENTS

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and executed as of _________________, 20 __ (the "Effective Date"), by and among Sperry Commercial Global Affiliates, LLC, a Delaware limited liability company ("Franchisor") and ____ ("Franchisee"), with reference to the following facts:

RECITALS

An entity affiliated with Franchisor (the "Owner of the Marks") owns the Sperry Commercial Global Affiliates trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized Franchisor to license them to Sperry ~~Commercial Global Affiliates~~ franchisees.

Franchisee desires to be franchised and licensed by Franchisor to use Franchisor's "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) from a specific "Sperry~~CGA~~ Office" (as defined in Article I below and identified in Exhibit 1 attached).

Franchisor is willing to grant Franchisee a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

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

Ancillary Services and Products. The term "Ancillary Services and Products" means ancillary real estate-related services, programs and products Franchisor authorizes Franchisee to offer, use or furnish, as set forth in this Agreement or in the Confidential Operations Manual, including (i) title searches performed by Franchisor's affiliated or licensed companies and (ii) title insurance policies issued by Franchisor's affiliated or licensed companies.

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

Confidential Operations Manual. The term "Confidential Operations Manual" means the manual or manuals (regardless of title) containing Franchisor's trade secrets and the policies and procedures to be adhered to by Franchisee in performing under this Agreement, including all amendments and supplements thereto provided to Franchisee from time to time.

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

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

Effective Date. The term "Effective Date" means the day (referenced in the introductory paragraph of this Agreement) the legal relationship under this Agreement is in effect.

Established Office. The term "Established Office" means a Franchisee having 10 or more licensed full time experienced "Real Estate Broker or Agents" (as defined in this Article I), but not including "Junior Agents" (as defined in this Article I), employed or under contract at the time it acquires the Sperry~~CGA~~ Franchise. An Established Office will have up to 18 months to completely transition to full operation under the Marks, including making changes to office signs and listed or client property signage, printed materials, promotional items, business cards and Internet identity (email addresses and website).

Established Office XL. The term “Established Office XL” means a Franchisee having 17 or more licensed full time experienced Real Estate Broker or Agents and Junior Agents employed or under contract at the time Franchisee acquires the Sperry~~CGA~~ Franchise. An Established Office XL will have up to 18 months to completely transition to full operation under the Marks, including making changes to office signs and listed or client property signage, printed materials, promotional items, business cards and Internet identity (email addresses and website).

Force Majeure. The term “Force Majeure” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee's financial inability to perform or Franchisee's insolvency will not be a Force Majeure.

Franchised Business. The term “Franchised Business” means the sale of “Sperry~~CGA~~ Services” (as defined in this Article I) and other commercial real estate-related programs and services Franchisor authorizes in the Confidential Operations Manual, pursuant to the System from Franchisee's Sperry~~CGA~~ Office, using the business methods and procedures set forth by Franchisor for the operation and marketing of the Sperry~~CGA~~ Office.

Gross Commission Income (or GCI). The term “Gross Commission Income” (or “GCI”) means all revenues (money and non-cash consideration) paid by a seller, buyer, lessor, lessee or referring agent on the completion of a real estate transaction to a Real Estate Broker or Agent (and revenues received by Franchisee from business brokerage transactions if Franchisee and Franchisor have executed an Addendum to Franchise Agreement Authorizing Business Brokerage Services) at or through Franchisee's Sperry~~CGA~~ Office. GCI is typically computed as a percentage of the gross transaction price (for example if a property sold for $1,000,000 with a 5% commission, the resulting GCI would be $50,000).

Initial Orientation. The term “Initial Orientation” means orientation to and training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term “Intellectual Property” means creations of the mind, including inventions, literary and artistic works, designs, symbols, names, and images owned by Franchisor and used in the Franchised Business or at the Sperry~~CGA~~ Office.

Intellectual Property Rights. The term “Intellectual Property Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this sentence.

Junior Agent. The term "Junior Agent" means an employee of Franchisee who has been a licensed real estate agent for not more than 18 months, has not independently arranged for a commercial real estate brokerage transaction that has closed, and is engaged in normal brokerage activities under Franchisee's mentorship to become a Real Estate Broker or Agent of Franchisee capable of independently arranging for commercial real estate brokerage transactions. Upon the earlier of (i) the sixth month anniversary of the Junior Agent's employment by Franchisee or (ii) the Junior Agent being credited with closing his or her first commercial real estate brokerage transaction, the Junior Agent must be certified as a Real Estate Broker or Agent of Franchisee, thereby subject to Monthly Royalty, or no longer act as Junior Agent for Franchisee.

Marks. The term “Marks” means the proprietary marks associated with the System and associated designs, including “Sperry Commercial Global Affiliates” and “Sperry”, in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which Franchisor now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business. Franchisor will list in the Confidential Operations Manual a schedule of Marks Franchisee is authorized to use under this Agreement and update this schedule, as necessary.

Office Manager. The term "Office Manager" means the individual (may be a Principal Equity Owner) that has been designated by Franchisee as the person responsible for the day-to-day operation of the Sperry~~CGA~~ Office and who has successfully completed Initial Orientation.

Opening Date. The term "Opening Date" means the day Franchisee opens Franchisee's Sperry~~CGA~~ Office, furnished, inventoried, and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the Franchised Business using the Marks under this Agreement.

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

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

Real Estate Broker or Agent. The term "Real Estate Broker or Agent" means a person that owns, is employed by, or contractually engaged by, Franchisee and who is licensed or otherwise legally authorized under the laws of Franchisee's state as either a real estate broker or real estate agent to (i) act as an intermediary between seller and buyers of commercial real property and (i) find sellers that wish to sell, and buyers that wish buy, commercial real property.

Sperry~~CGA~~ Office. The term "Sperry~~CGA~~ Office" means Franchisee's commercial real estate brokerage office that Franchisor has consented to, which is dedicated to the operation of the Franchised Business under the Marks and in accordance with the System, and which has at least one properly licensed commercial real estate broker employed by or associated with it.

Sperry~~CGA~~ Services. The term "Sperry~~CGA~~ Services" means a proprietary business system for opening and operating businesses that operate offices providing full-service commercial real estate brokerage services (and optional business brokerage services or property management services if Franchisee executes an addendum to this Agreement permitting such services) provided by Franchisee at Franchisee's Sperry~~CGA~~ Office in accordance with this Agreement and the Confidential Operations Manual (as amended from time to time by Franchisor). Franchisee may not provide residential real estate brokerage services using any of the Marks or under Franchisee's business name.

Suggestions. The term "Suggestions" means any new products or services, specifications, suggestions or other feedback made by Franchisee or Principal Equity Owners to modify the System.

System. The term "System" means comprehensive marketing and operational systems prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to Sperry~~CGA~~ Services, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (v) related materials, artwork, graphics, layouts, slogans, names, titles, text and other Intellectual Property Rights Franchisor makes available to Franchisee. In Franchisor's sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

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

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

II. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.
Franchisor is engaged in the administration, development, operation and licensing of businesses that operate Sperry~~CGA~~ Office offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies. Franchisor's activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Sperry~~CGA~~ Office; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.
Franchisor has developed and supervises the System under the Marks operated in accordance with the provisions of this Agreement and Franchisor's Confidential Operations Manual, as amended from time to time.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license (“Franchise”) to participate in and use the System by conducting the Franchised Business at Franchisee's Sperry~~CGA~~ Office in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. So long as it complies with the terms of this Agreement, only Franchisee will be authorized to open and operate a Sperry~~CGA~~ Office in the United States Postal Service Zip Code where the Sperry~~CGA~~ Office franchised under this Agreement is located, and sometimes referred to as “Franchisee's Primary Area of Responsibility”. Franchisee's Sperry~~CGA~~ Office may be sometimes referred to in this Agreement as “Outlet”.

(b) Unless the Confidential Operations Manual specifically states otherwise, Franchisee may, if it wishes, also offer, sell, use or furnish Ancillary Services and Products from sources approved by Franchisor in the Confidential Operations Manual. If Franchisor notifies Franchisee of new Ancillary Services or Products which are optional, then Franchisee agrees to promptly advise Franchisor whether Franchisee will offer and sell the new Ancillary Services or Products. Franchisee's decision to offer Ancillary Services or Products does not in any way preclude Franchisee from offering similar competitive services or products of other companies, so long as these are offered and sold on a non-exclusive basis as well as the Ancillary Services or Products. Franchisor may advise Franchisee from time to time of any new Ancillary Services or Products which Franchisor will authorize Franchisee to offer, sell, use or furnish (as applicable). If Franchisor advises Franchisee that a new Ancillary Service or Product is available and Franchisee notifies Franchisor that Franchisee wishes to offer, sell, use or furnish it, then Franchisee agrees, at its sole expense: (i) to obtain all necessary products, services, promotional materials and equipment (including, without limitation, computer software and hardware), which Franchisor advises Franchisee are necessary for offering, selling, using or furnishing (as applicable) the Ancillary Service or Product, and (ii) to begin offering, selling, using or furnishing the Ancillary Service or Product (as applicable) no later than 90 days after Franchisee's receipt of Franchisor's notice (or at such later time as said notice may direct).

(c) Each Principal Equity Owner must execute the Guarantee of Franchise Agreement attached as Exhibit 3 of this Agreement.

(d) Franchisee acknowledges Franchisor may have granted and may in the future operate or grant other licenses and franchises outside the Franchisee's Primary Area of Responsibility. FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE SPERRY~~CGA~~ OFFICE WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

3.2 Reserved Rights.

(a) Nothing contained herein accords Franchisee any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or associated with the System, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT FRANCHISEE'S SPERRY~~CGA~~ OFFICE AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOWS FRANCHISEE TO OFFER SPERRY~~CGA~~ SERVICES ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.**

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without necessarily granting Franchisee any rights in those systems. Franchisor reserves all rights to market and sell Sperry~~CGA~~ Services at venues other than real estate offices and through other channels of distribution anywhere, including within Franchisee's Primary Area of Responsibility.

3.3 Promotion and Development of Franchisee's Sperry~~CGA~~ Office.
Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business at Franchisee's Sperry~~CGA~~ Office; (ii) develop, to the best of Franchisee's ability, the potential for future Franchised Business being conducted at Franchisee's Sperry~~CGA~~ Office; and (iii) devote and focus a substantial portion of Franchisee's professional attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) Franchisee understands and agrees it is licensed under this Agreement only for the operation of the Franchised Business at and from Franchisee's Sperry~~CGA~~ Office (unless Franchisor specifically agrees otherwise on a case-by-case basis). Franchisee must offer and sell at Franchisee's Sperry~~CGA~~ Office and in Franchisee's Primary Area of Responsibility only Sperry~~CGA~~ Services and other goods and services Franchisor designates as required or approved for all Sperry Commercial Global Affiliates franchisees. Franchisor has the right to change and add other authorized goods and services which Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except the additional investment required of Franchisee for equipment, supplies and inventory will not exceed $25,000 in any 12 consecutive months.

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

3.5 Electronic Execution and Copies.

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

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation, or other rule of law to the contrary, Franchisee agrees any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity, and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and any by-laws, shareholders’ agreement, operating agreement or other agreement between the equity owners.

(b) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED ____________________, 20___, BETWEEN THIS ENTITY AND SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

IV. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" is payable as follows [check and initial as applicable]:

[ ] $10,000 for a Sperry~~CGA~~ Office where five or more Real Estate Brokers and Agents are initially employed or associated, or

[ ] $5,000 for a Sperry~~CGA~~ Office where one to four Real Estate Brokers and Agents are initially employed or associated.

(b) The Initial Franchise Fee is due and payable in full, by cashier's check or money order or wire transfer to Franchisor's bank account, when Franchisee signs this Franchise Agreement and is fully earned by Franchisor when paid.

(c) If (i) before Franchisee's successful completion of Initial Orientation, Franchisor decides, in its sole discretion, Franchisee should not operate a Sperry Commercial Global Affiliates business, or (ii) Franchisee does not obtain Franchisor's approval to the location of Franchisee's Sperry~~CGA~~ Office within 60 days after the Effective Date (see section 7.2 below), Franchisor may cancel this Agreement. If Franchisor cancels this Agreement for either of those reasons, Franchisor will refund the Initial Franchise Fee Franchisee paid. Otherwise, the Initial Franchise Fee is not refundable.

4.2 Royalty.

(a) If Franchisee is an Established Office, beginning on the Opening Date, Franchisee must pay Franchisor a monthly royalty of (i) $300 for each of the first 10 Real Estate Brokers or Agents employed or engaged by Franchisee at the end of each calendar month, and (ii) beginning 24 months after the Opening Date (provided that Franchisee has added at least one Real Estate Broker or Agent each calendar month after the Opening Date), $300 for each of the 11th and additional Real Estate Broker or Agent employed or engaged by Franchisee.

(b) If Franchisee is an Established Office XL, beginning on the Opening Date, Franchisee must pay Franchisor a flat monthly royalty of $5,000 (or $60,000 every 12 months) for a combined minimum of 17 Real Estate Brokers or Agents and Junior Agents employed or engaged by Franchisee at the end of each calendar month up to a maximum of 75 Real Estate Brokers or Agents, Junior Agents and office staff members employed or engaged by Franchisee. In any month where Franchisee has more than 75 Real Estate Brokers or Agents, Junior Agents and office staff members employed or engaged by it, in addition to the flat royalty for that month, Franchisee will pay an expanded staff surcharge of $100 per Real Estate Broker or Agent and Junior Agent and $50 per office staff member over the combined maximum of 75. (For example, if Franchisee had 80 Real Estate Brokers or Agents and Junior Agents and 20 office staff employees, Franchisee would pay an aggregate expanded staff surcharge of $1,500 (five x $100 and 20 x $50) for that month.)

(c) If Franchisee is not an Established Office or an Established Office XL, beginning on the Opening Date, Franchisee must pay Franchisor a monthly royalty of $300 for each Real Estate Broker or Agent and Junior Agent (subject to section 4.2(d) below) employed or engaged by Franchisee at the end of each calendar month.

(d) Notwithstanding sections 4.2(a) and 4.2(c) above, no monthly royalty would be payable for the earlier of (i) the first six months of a Junior Agent's new employment or engagement by Franchisee or (ii) the Junior Agent's first closed escrow. Thereafter monthly royalty would be paid for the Junior Agent in accordance with sections 4.2(a) and 4.2(c) above.

(e) In addition to the monthly royalty required by sections 4.2(a) through 4.2(c) above, when Franchisee's aggregate GCI in a calendar year exceed $100,000, if Franchisee is not an Established Office XL, it must pay

Franchisor a “Royalty Override” of 2% of the GCI received by Franchisee during the previous month, and if Franchisee is an Established Office XL, it must pay Franchisor a “Royalty Override” of 1% of the GCI received by Franchisee during the previous month. Once the $100,000 annual threshold is reached and the Royalty Override is applicable, Franchisee must report having reached the annual threshold and begin paying the Royalty Override by the next due date, or Franchisee will be subject to the late payment penalty specified in section 4.7(a) below.

(f) Any GCI Franchisee earns from real estate listings that Franchisee had obtained prior to the Effective Date will not be subject to the Royalty Override if the applicable property address, type of transaction (sale, purchase or lease), expected closing date and listing expiration date are included in the Listings Exclusions schedule contained in Exhibit 1 of this Agreement.

(g) Franchisee must also remit a “Lead Referral Fee” of 25% of the gross revenues received by Franchisee from leads for real estate services sent by Franchisor directly to Franchisee.

(h) Royalty, Royalty Overrides and Lead Referral Fees are to be processed through gross commission reporting systems established by Franchisor or otherwise accompanied by a report in the form prescribed by Franchisor. Royalty and Lead Referral Fees are due and payable monthly on the first business day of each calendar month. Royalty Overrides are to be reported on the third business day of each calendar month and are due and payable monthly on the fifth business day of each calendar month. Not later than the 10th business day of each January, Franchisee must confirm its annual GCI earned for the prior calendar just ended, using the Confirmation of Annual Gross Commissions Earned form attached as Exhibit 4 of this Agreement. Franchisee’s failure to accurately report GCI and Lead Referral Fees through Franchisor’s established gross commission reporting system (including timely completion and submission of the Confirmation of Annual Gross Commissions Earned form) will be a material breach of this Agreement.

(i) If Franchisee executes addenda to this Agreement permitting business brokerage services or property management services, Franchisee will be obligated to pay additional fees as stated in the respective addendum.

(j) Any residential real estate brokerage service marketed or sold by Franchisee using any of the Marks or Franchisee’s business name must be promptly entered into Franchisor’s gross commission reporting system and will be subject to a “Residential Brokerage Penalty Fee”, payable to Franchisor immediately on demand, of 50% of any resulting GCI.

4.3 Promotion Expenditures.

(a) Although Franchisee is not obligated to do so, within the first 60 days after the Opening Date, Franchisor recommends Franchisee spend up to $2,500 in Franchisee’s Primary Area of Responsibility on the grand opening advertising and promotion of Franchisee’s Sperry~~CGA~~ Office, using the grand opening advertising and promotional program that Franchisor designates in the Confidential Operations Manual or otherwise approve.

(b) After Franchisee completes the grand opening advertising and promotion of its Sperry~~CGA~~ Office, Franchisee is encouraged to additional amounts on the local marketing, advertising and promotion of its Sperry~~CGA~~ Office, using marketing and promotional materials pre-approved or otherwise authorized in writing by Franchisor (“Local Advertising”).

(c) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Sperry~~CGA~~ Offices (each office having one vote) agree to such additional assessment by affirmative vote.

4.4 Technology Fees.

(a) Beginning the second full calendar month after the Opening Date, Franchisee must pay Franchisor a “Technology Support Fee” of $25 for each telephone call, email, letter or other writing requesting support services or assistance regarding the Sperry Commercial Global Affiliates technology system.

(b) Technology Support Fees are fully earned by Franchisor when paid and not refundable.

4.5 Electronic Funds Transfer.
Franchisor requires payment of the Royalty and Technology Support Fee by electronic funds transfer (“EFT”) through the Automated Clearing House (“ACH”) electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee’s account into Franchisor’s operating

account. Franchisee must execute or re-execute and deliver to Franchisor bank-required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account Franchisee's Royalty and other sums payable under the terms of this Agreement. Franchisee must also, in addition to those terms and conditions set forth in the Confidential Operations Manual, maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) and must maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee must not alter or close such account except upon Franchisor's prior written approval. Any failure of Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material default of this Agreement.

4.6 Fees Fully Earned (No Setoffs).
All payments made by Franchisee to Franchisor under this Agreement are fully earned and non-refundable when paid. All payments to be made by Franchisee to Franchisor will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7 Late Fee; Interest on Delinquent Payments.

(a) Any payment of Royalty Override due under section 4.2(e) above which is not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late payment penalty of 20% of the amount past due. Any payment of monthly royalty and Marketing and Promotion Fees not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late payment penalty of 10% of the amount past due.

(b) In addition to late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 18% (unless the APR allowed by the state in which the Sperry~~CGA~~ Office is located is limited by law to a lower APR, in which case that lower APR will apply), and Franchisee must reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.8 No Accord or Satisfaction.
If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.9 CPI Adjustments.
Any stated dollar amount in this Agreement may be adjusted in Franchisor's discretion based on changes in the CPI since the Effective Date.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.
The initial term of this Agreement commences on the Effective Date and expires on the following date selected below by Franchisee (as indicated by check mark and initials), unless sooner terminated pursuant to the provisions of this Agreement:

(i) [ ] on the third anniversary of the Opening Date (3 year term); or

(ii) [ ] on the sixth anniversary of the Opening Date (6 year term); or

(iii) [ ] on the 10th anniversary of the Opening Date (10 year term).

5.2 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew its rights granted under this Agreement for additional terms of one year, three years, six years or 10 years as selected by Franchisee, commencing on the expiration date of the previous term, and subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means Franchisee is able to pay Franchisee's debts as and when promised by Franchisee and Franchisee has assets that are greater than

Franchisee's debts), (ii) not have abandoned the Franchise, (iii) not be operating the Franchise in a manner endangering public health or safety or materially harming the Sperry Commercial Global Affiliates brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the initial term.

(c) Notwithstanding section 5.2(a) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell its Franchised Business to a purchaser that meets Franchisor's then-current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

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

(iv) Franchisee and Franchisor agree not to renew the Franchise.

(v) Franchisor withdraws from distributing its products or services through Franchises in the geographic market served by Franchisee, provided that:

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

(B) The failure to renew is not for the purpose of converting the business conducted by Franchisee pursuant to this Agreement to operation by Franchisor's employees or agents for Franchisor's own account.

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

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

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, Franchisor and Franchisee must sign a mutual release and Franchisee must sign either (i) Franchisor's then-current standard Renewal Franchise Agreement not later than 90 days before the end of the term that is expiring or (ii) an addendum to this Agreement extending its term for an additional three-year term. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE THEN-CURRENT RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS WHICH ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The then-current Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date.

(f) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to Franchisee's Sperry~~CGA~~ Office as are reasonably necessary so that they are substantially consistent with then-current System requirements, and so that they can accommodate new Sperry~~CGA~~ Services, if any. Franchisee must also bring Franchisee's Sperry~~CGA~~ Office, and equipment, materials and supplies into compliance with the standards then applicable to new Sperry Commercial Global Affiliates franchises.

(g) When Franchisee signs the Renewal Franchise Agreement, Franchisee must pay Franchisor a "Renewal Fee" of $1,000. This Renewal Fee is subject to upward adjustment in Franchisor's discretion based on corresponding changes in the CPI since the Effective Date.

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

(a) At Franchisor's option, if the renewal procedures described in section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, Franchisor may extend this Agreement on a month-to-month basis by notifying Franchisee Franchisor is doing so. Said month-to-month extension will continue until Franchisor gives Franchisee at least a 30-day notice that the Franchise rights must be formally renewed in accordance with section 5.2, or the Agreement will expire and be terminated.

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

VI. TRAINING AND ASSISTANCE

6.1 Initial Orientation.

(a) It is critically important for Franchisee's Office Managers and Principal Equity Owners to understand the Franchised Business and the System, and for Franchisee's Office Managers and other key employees to have been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee's Office Managers and at least one of Franchisee's Principal Equity Owners, an initial orientation to the System and instruction on how to operate the Franchised Business (collectively, "Initial Orientation"). Unless there are extenuating circumstances which, in Franchisor's reasonable determination, justify a delay, Franchisee's required trainees must attend the next Initial Orientation offered by Franchisor. Franchisee's required trainees must complete Initial Orientation within 180 days after Franchisee signs this Agreement and Franchisee may not open and operate Franchisee's Sperry~~CGA~~ Office until the applicable Office Manager has satisfactorily completed Initial Orientation. Franchisee acknowledges and agrees only Franchisor will determine whether said Office Manager satisfactorily completes Initial Orientation.

(b) The failure of Franchisee's Office Manager to complete Initial Orientation to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, before this Agreement is so terminated, Franchisee's Office Manager who fails to successfully complete Initial Orientation will be offered the opportunity to retake Initial Orientation or Franchisee may send one replacement Office Manager, approved by Franchisor, to the next available Initial Orientation program. Franchisee must pay Franchisor a fee of $750 for each Initial Orientation attended by a retaking or replacement Office Manager.

(c) Franchisor will determine the contents and manner of conducting the Initial Orientation program in Franchisor's discretion, however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as System procedures, standards, marketing and customer service techniques, reports and equipment maintenance.

(d) There is no separate fee payable to Franchisor for the Initial Orientation program provided to Franchisee's initial Office Manager and Franchisee's Principal Equity Owners. Franchisee may be required to pay Franchisor a fee of $750 for each additional attendee of Initial Orientation.

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

6.2 Training and Assistance after Opening.

(a) After Franchisee opens Franchisee's Franchised Business, Franchisor will provide Franchisee with access to, list Franchisee's Sperry~~CGA~~ Office on, and integrate other information about Franchisee's Sperry~~CGA~~

Office into, Franchisor's website. Any future update or modifications to Franchisee's presence on Franchisor's website may be at Franchisee's cost and expense.

(b) After Franchisee begins operating the Sperry~~CGA~~ Office under this Agreement, Franchisor will provide Franchisee with telephone and e-mail assistance at Franchisee's request or otherwise as Franchisor deems necessary to instruct in all phases of the operation of the Franchised Business. In addition, Franchisor will be available on an ongoing basis at Franchisor's national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business. Other than providing Franchisee general guidelines for tax and federal employment compliance in the Confidential Operations Manual, Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(c) After Franchisee opens the Sperry~~CGA~~ Office and begins operating the Franchised Business, and upon reasonable notice, Franchisor may require participation of Franchisee's designated personnel at training courses, seminars, conferences or other programs other than Initial Orientation or mandatory meetings (described in section 6.3 below) deemed by Franchisor to be relevant or appropriate to the operation of the Franchised Business. Franchisee specifically agrees only persons trained by Franchisor or under Franchisor's supervision will have overall responsibility for the operation of the Sperry~~CGA~~ Office and Franchised Business, and Franchisee will send Franchisee's Office Manager to Franchisor for additional training if Franchisor requests this.

(d) Franchisor may but is not required to make available to Franchisee optional staff training courses, coaching and business mentoring programs, seminars, conferences or other programs, in a suitable location selected by Franchisor. Franchisor may charge Franchisee a separate fee of up to $750 per day for this optional training.

(e) In addition to updates to the Confidential Operations Manual, Franchisor may provide Franchisee with additional materials relating to the Franchised Business. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the System and the Franchised Business.

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

(g) In the event of a Transfer of the Franchise (which must be done in full compliance with section 12.2 of this Agreement), the Principal Equity Owners and Office Managers of the transferee must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred Franchise may not be opened or re-opened by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Franchise and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Mandatory Meetings.
Not more often than once each year, Franchisor may conduct a system-wide meeting or series of regional meetings to discuss System operations and business activities or other matters relating to the Franchised Business. Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for Franchisee's Office Manager and all of Franchisee's other Principal Equity Owners). Franchisor may limit the number of Franchisee's attendees at these meetings. Franchisee must pay the cost of travel, hotel and meal expenses for Franchisee's attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference coordinated by Franchisor.

6.4 Proprietary Materials.
At Initial Orientation and other training programs and conferences, Franchisor may provide Franchisee with confidential and proprietary information ("Proprietary Information"), as well as training materials, training curricula and related materials for Franchisee's use in servicing customers and training Franchisee's staff. All of these items are and will remain Franchisor's property. Franchisee must not (nor allow its employees or others to) copy, reproduce, disseminate or otherwise reveal to third parties any of the foregoing Proprietary Information and related materials without Franchisor's express prior written consent.

VII. OPENING OF REAL ESTATE OFFICES

7.1 Franchisee's Real Estate Offices.
The Franchised Business may only be operated from Franchisee's Sperry~~CGA~~ Office. Typically, Franchisee would be converting an existing real estate office to a Sperry Commercial Global Affiliates location. However, if this is not

the case and Franchisee's Sperry~~CGA~~ Office has not been identified when Franchisee signs this Agreement, but the general location is identified, the exact location of Franchisee's Sperry~~CGA~~ Office will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined.

7.2 Opening Franchisee's Real Estate Office.

(a) If these did not already exist at the time this Agreement is signed, premises acceptable to Franchisor from which Franchisee's Sperry~~CGA~~ Office will be operated must be located and secured by Franchisee (through ownership or lease) and reviewed and consented to by Franchisor within 60 days after the Effective Date. Franchisor will not unreasonably withhold consent to this location. If within 60 days after the Effective Date Franchisee has not located a site for its Sperry~~CGA~~ Office that is acceptable to Franchisor, Franchisor may cancel this Agreement on the basis of Franchisee's failing to find an acceptable site and if Franchisor does so, Franchisor may not refund Franchisee's Initial Franchise Fee. If Franchisee has not commenced operation of the Franchised Business within 180 days after the Effective Date, Franchisor may terminate this Agreement effective 30 days after written notice, and if Franchisor does so, Franchisee will not be entitled to receive any refund of Franchisee's Initial Franchise Fee.

(b) Franchisor may assist Franchisee in the site selection process and Franchisor reserves the sole right of final review and consent to any location of the Sperry~~CGA~~ Office.

(c) Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the construction and equipping of the Sperry~~CGA~~ Office (and Franchisor may require the Sperry~~CGA~~ Office to have a certain color scheme and decorative trade dress). But it is and will remain Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Sperry~~CGA~~ Office. Franchisee is responsible, at its expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities.

(d) Although Franchisor may assist Franchisee with site selection, Franchisee has the sole responsibility for locating and obtaining suitable premises for Franchisee's Sperry~~CGA~~ Office. Franchisee and Franchisee's landlord may be required to execute a rider to Franchisee's lease, or other agreement or written understanding that requires the landlord to fully cooperate with Franchisor in completing de-identification of the Sperry~~CGA~~ Office in the event this Agreement is terminated or expires without being renewed.

(e) Franchisor has the right to continually inspect Franchisee's Sperry~~CGA~~ Office and any other site where Franchisee conducts the Franchised Business to ensure Franchisee complies with System standards prescribed by Franchisor and specified in the Confidential Operations Manual.

7.3 Initial Inventory of Marketing and Promotional Materials.

(a) Within the timeframes that Franchisor specifies before the Opening Date, Franchisee must order from (and, if necessary, pre-pay to) designated or approved suppliers the marketing and promotional materials and other items specified in the Confidential Operations Manual, with delivery scheduled for not later than two business days before the Opening Date. Franchisee must buy interior and exterior signs, other materials containing the Marks, and apparel containing the Marks only from suppliers approved by Franchisor.

(b) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration from required purchases or leases by System franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate.

7.4 Marketing and Advertising Boundaries.
Franchisee may not directly promote, advertise or otherwise market its Sperry~~CGA~~ Office outside the United States of America without Franchisor's express written consent.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state real estate law and regulations, Franchisee must employ an Office Manager (may be a Principal Equity Owner, or if Franchisee is an individual acting as a sole proprietor, may be the individual who is Franchisee) who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, and in compliance with all applicable real estate laws and regulations of the state where the Sperry~~CGA~~ Office is located, to the management, operation and development of the Franchised

Business. The Office Manager must ensure that Franchisee fulfill Franchisee's obligations to Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours.

(b) Franchisee must only operate the Franchised Business at Franchisee's Sperry~~CGA~~ Office in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to Franchisee by Franchisor in writing, and in compliance with all applicable real estate laws and regulations of the state where the Sperry~~CGA~~ Office is located. Franchisee may not engage in the sale or delivery of Sperry~~CGA~~ Services outside of Franchisee's Sperry~~CGA~~ Office except as Franchisor may authorize in the Confidential Operations Manual or otherwise in writing. Franchisee must use the standard signs and formats that Franchisor prescribe in operating the Sperry~~CGA~~ Office and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires Franchisee to comply with the methodology Franchisor prescribes in providing Sperry~~CGA~~ Services to commercial real estate brokerage customers.

(d) Franchisee's Sperry~~CGA~~ Office must be open on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual. The obligation to remain open will not apply in the event of natural or man-made disasters or public emergencies. If for any reason, Franchisee needs to close its Sperry~~CGA~~ Office for any extended time, to avoid a breach of this Agreement for Abandonment, Franchisee must get Franchisor's written consent allowing such closure within five business days after the day the Sperry~~CGA~~ Office is first closed.

(e) If Franchisee is not already a member of such service, Franchisor recommends that Franchisee join and maintain affiliation with any Multiple Listing Service covering the area where Franchisee's Sperry~~CGA~~ Office is located. Franchisee's sales agents must have and maintain all necessary certifications from state real estate agencies permitting them to offer and sell commercial real estate in Franchisee's state.

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

(g) Franchisee must notify Franchisor in writing within two business days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect Franchisee's operations at the Sperry~~CGA~~ Office, or Franchisee's ability to meet its obligations hereunder.

(h) Upon the occurrence of any event that occurs at the Sperry~~CGA~~ Office that caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or its affiliates, Franchisee must immediately inform Franchisor's designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor with respect to Franchisor's response to an incident described in this section 8.1(i).

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

(j) Franchisee may not engage in any co-branding at Franchisee's Sperry~~CGA~~ Office or in connection with the Franchised Business except with Franchisor's prior written consent. Franchisor is not required to approve any co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that co-branding chain as an approved co-brand for operation within the System. “Co-branding” includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within or adjacent to Franchisee's Sperry~~CGA~~ Office and operated in a manner that is likely to cause the public to perceive it to be related to the Sperry~~CGA~~ Office licensed and franchised to Franchisee hereunder.

8.2 Confidential Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be provided to Franchisee. Franchisee may have access to a digital copy of the Confidential Operations Manual on or through Franchisor's website. Franchisee may also be provided with a hard copy of all or portions of the Confidential Operations Manual at Initial Orientation or afterwards. Franchisor has the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on Franchisor's website is changed.

(b) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated Sperry Commercial Global Affiliates franchisees. As modified by Franchisor from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as modified or amended by Franchisor from time to time, will not alter Franchisee's fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual that Franchisee may have printed and maintain, the master copy of the Confidential Operations Manual that Franchisor maintains at its headquarters (and which may be available on Franchisor's website) will be the controlling version and will supersede all prior versions.

(c) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee will be deemed to be in material breach of this Agreement and all other agreements Franchisee has with Franchisor and its affiliated entities.

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

8.3 Standards of Operation.
Franchisee agrees that Franchisor, Franchisee and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at Franchisee's Sperry~~CGA~~ Office. Therefore, Franchisee agrees to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement and the Confidential Operations Manual as it may be revised from time to time, and as Franchisor may otherwise direct in writing. In order that Franchisor may establish and maintain an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Computer System and Proprietary Technology.

(a) Franchisee must use and maintain a personal computer system as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use in connection with the Sperry~~CGA~~ Office (the "Computer System"). Franchisor requires Franchisee to maintain an e-mail account and always connect the Computer System to a dedicated, state of the art Internet or other high-speed communications medium specified or approved by Franchisor and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by Franchisor in the Confidential Operations Manual or otherwise by Franchisor in writing. Franchisee must obtain all software and hardware, including digital still and video cameras, as Franchisor may specify to enable Franchisee to provide ample security against viruses and computer malware, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit digital photos and streaming video or other multimedia signals and information to and from the Sperry~~CGA~~ Office, and Franchisee must, from time to time, upon Franchisor's request transmit digital photos and real time video and audio signals of the Sperry~~CGA~~ Office to Franchisor, and in the form and manner prescribed by Franchisor. Franchisee must purchase any upgrades, enhancements or replacements to the Computer System or hardware and software as Franchisor may from time to time require by 30 days written notice; provided however that Franchisee will not be required to update or replace the Computer System any more frequently than once every five years. Franchisor may access the Computer System on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, to retrieve files and data stored therein relating to the Sperry~~CGA~~ Office and the Franchised Business.

(b) Franchisor may designate that certain computer software must be used in the operation of the Computer System ("Designated Software"). And if so, Franchisee must then license or sublicense such Designated Software from Franchisor's designee and execute a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. From time to time, Franchisee may also be required to purchase any upgrades, enhancements, or replacements to the Designated Software. Franchisee must incorporate any required modifications or additions within 30 days after receiving written notice from Franchisor, unless a longer time period is stated in the notice.

(c) Franchisee may not install, and must prohibit others from installing, unauthorized software on the Computer System. Franchisee must take all commercially reasonable measures to ensure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on, or transmitted by, the Computer System. Franchisee must from time to time communicate to Franchisor all passwords, access keys and other security devices or systems necessary to permit Franchisor to access the Computer System and obtain the data Franchisor is permitted to obtain under this Agreement including accounting, sales, marketing, client and other information to assist in and support the operation of the Franchised Business. The Computer System must also be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

8.5 Maintenance, Upgrades and Refurbishments to Offices.

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

(b) Franchisor will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that Franchisor must make a good faith determination that Franchisee's Sperry~~CGA~~ Office are substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Sperry~~CGA~~ Office, or the type, quality or condition of the equipment needed to adequately promote and sell Sperry~~CGA~~ Services) and that, because of its appearance or condition, Franchisee's Sperry~~CGA~~ Office is either (i) not adequately positioned to promote and sell Sperry~~CGA~~ Services as then required or (ii) damaging the integrity of the Sperry Commercial Global Affiliates image, brand or Marks. Such updates will be contained in the Confidential Operations Manual or otherwise provided to Franchisee in writing. Such updates may require Franchisee to install new color schemes, logos, signage, or other visual elements. Franchisor anticipates such Trade Dress updates will be required no more frequently than once every five years.

8.6 Relocation of Franchisee's Offices.

(a) If Franchisee desires to relocate its Sperry~~CGA~~ Office, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation in Franchisor's reasonable discretion. In the event of disapproval of a proposed relocation, Franchisee may request an alternative proposed new location for this real estate office pursuant to the provisions of this section 8.6.

(c) Franchisee and the landlord may be required to execute a rider to Franchisee's lease for the new location for the real estate office (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated real estate office premises if Franchisee is in material default of either (A) the lease for the relocated real estate office premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such default) or (B) this Agreement, and (ii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated real estate office in the event this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated real estate office premises.

8.7 Record Keeping and Reporting Requirements.

(a) Not later than 10 business days after Franchisor requests them, Franchisee must submit to Franchisor financial or statistical reports, records, statements or information as required in the Confidential Operations Manual or otherwise by Franchisor in writing.

(b) Within 90 days after the end of each of Franchisee's fiscal years (or any permitted extension for filing same), Franchisee must submit to Franchisor a copy of the Schedule C or equivalent portion of Franchisee's federal tax return that relates to the Sperry~~CGA~~ Office and Franchisee's operation of the Franchised Business. Franchisor agrees to maintain the contents of these portions of Franchisee's tax returns in strict confidence and not to disclose them to any third party without Franchisee's express written consent. On the Effective Date (and any time thereafter that this date changes), Franchisee must notify Franchisor of Franchisee's fiscal year end date.

(c) All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(d) Franchisor has the right to use any financial or statistical information Franchisee provides to Franchisor, as Franchisor deems appropriate, including sharing the information with potential investors in Franchisor, buyers of Franchisor, lenders, attorneys, accountants and advisors on a need-to-know basis and with an acknowledgment by them the information is only being provided in connection with the transaction between Franchisor and the disclosee and is not for public dissemination. However, Franchisor will not identify Franchisee or its Sperry~~CGA~~ Office as the source of the information and will not disclose any of this information except (i) with Franchisee's written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) Franchisor has the right at all reasonable times to examine, copy and audit the books and records (including applicable Schedules C or equivalent portions of Franchisee's tax returns) relating to the Sperry~~CGA~~ Office and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless the APR on delinquent amounts allowed by the state in which the Sperry~~CGA~~ Office is located is limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 5% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

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

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual. Franchisor will designate or approve the suppliers of signs and display materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to post and maintain, at the Sperry~~CGA~~ Office, entirely at Franchisee's expense, any minimum signage recommended by Franchisor. Any signage containing the Marks will be designed by a vendor designated by Franchisor and manufactured by a vendor designated or approved by Franchisor.

8.9 Telephone Numbers.
At its sole expense, Franchisee must list the telephone number for Franchisee's Sperry~~CGA~~ Office in accordance with procedures prescribed by the Confidential Operations Manual. Unless Franchisee provides Franchisor with

written substantiation reasonably acceptable to Franchisor that the telephone number for Franchisee's Sperry~~CGA~~ Office was obtained prior to the Effective Date, at the time of termination or expiration of this Agreement, for any reason, Franchisee must transfer the telephone numbers for Franchisee's Sperry~~CGA~~ Office to Franchisor or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

8.10 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, errors and omissions insurance, automobile insurance, and other insurance legally required for Franchisee to operate Franchisee's business at the Sperry~~CGA~~ Office (*i.e.*, workers' compensation insurance) or reasonably prudent for the Franchised Business. Required coverage, policy coverage limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where Franchisee's Outlet is located, unless otherwise approved in writing by Franchisor. Any policies of insurance maintained by Franchisee must contain a separate endorsement naming Franchisor (and Franchisor's other affiliated companies identified by Franchisor in writing) as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Franchisee's insurance procurement obligations under this section 8.10 are separate and independent of Franchisee's indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, Franchisee must promptly notify Franchisor of all claims against Franchisee or Franchisor under said policies of insurance and deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to Franchisee and to Franchisor. Franchisee must notify Franchisor in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

8.11 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time during normal business hours, to Franchisee's Sperry~~CGA~~ Office (or other administrative office, if applicable) to review and inspect Franchisee's operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor and specified in the Confidential Operations Manual.

(b) Franchisee must permit Franchisor's representatives to access Franchisee's Sperry~~CGA~~ Office at any time (announced or unannounced) during normal business hours to conduct reviews and inspections. Franchisee must cooperate with such reviews and inspections by rendering such assistance as Franchisor's representatives may reasonably request and upon notice from Franchisor or Franchisor's representatives, immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Within 10 business days after any such inspection, Franchisor's representatives may re-inspect Franchisee's Sperry~~CGA~~ Office (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, Franchisor's representatives may make additional re-inspections every five business days thereafter until noted deficiencies have been corrected and Franchisee must reimburse Franchisor the travel and lodging expenses of Franchisor's representatives who conduct the additional re-inspection.

8.12 Compliance with Laws.
Franchisee must (i) at all times maintain in good standing a real estate broker's license issued by the appropriate state agency, (ii) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (iii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iv) prepare and file all necessary tax returns and (v) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants it will obtain and always maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Sperry~~CGA~~ Office are situated. Franchisee must immediately notify Franchisor of any

litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual.

8.13 Web Site and Internet Marketing.

(a) Except as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Confidential Operations Manual or otherwise in writing, Franchisee may not during the term of this Agreement (i) engage in Franchised Business directly or indirectly through the Internet, (ii) establish a website or social networking media outlet, or register an Internet domain or social networking media outlet name using any of the Marks, or (iii) otherwise advertise on the Internet or anywhere else, the mark "Sperry Commercial Global Affiliates", or any other Mark, or any mark similar to "Sperry Commercial Global Affiliates", or any combination or derivations thereof.

(b) Any alternative distribution methods and programs Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to the prior written approval of Franchisor, which approval will be in Franchisor's sole discretion.

8.14 Intranet.

(a) Franchisor may, at its option, establish and maintain an "Intranet" through which Sperry Commercial Global Affiliates franchisees may communicate, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Confidential Operations Manual, updates thereto and other confidential information. Franchisor has full discretion and control over all aspects of this Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee.

(b) If and when Franchisor establishes an Intranet, Franchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Franchisor establishes regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that disparage Franchisor or endorse or encourage default of any Sperry Commercial Global Affiliates franchise agreement, or other agreement with Franchisor or Franchisor's affiliates, (iii) confidential treatment of materials Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges Franchisor, as administrator of the Intranet, can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges the Intranet facility and all communications posted to it are or will become Franchisor's property, free of any claims of privacy or privilege Franchisee or any other person may assert.

(c) So long as the Intranet is operating, Franchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet allowing Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks and use Franchisor's Intellectual Property in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at Franchisee's Sperry~~CGA~~ Office. Neither Franchisee nor any Principal Equity Owner may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Marks (and other trademarks and service marks specifically approved for use by Franchisor) in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Owner may use or display the Marks and Franchisor's Intellectual Property in connection with the operation of any business or other activity outside the scope of the

Franchised Business. Franchisee may only use the Marks and Franchisor's Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all of Franchisee's employees and agents to ensure the proper use of the Marks and Franchisor's Intellectual Property in compliance with this Agreement.

(b) Franchisee acknowledges the Marks have been licensed to Franchisor by the Owner of the Marks to use in the franchised System. Franchisee acknowledges and agrees (i) Franchisee's use of the Marks and Franchisor's Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks and (iii) Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks and Franchisor's Intellectual Property. Franchisee acknowledges the use of the Marks and Franchisor's Intellectual Property outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive rights, titles and interest in and to the Marks. Franchisee agrees as between Franchisee and Franchisor, all rights to use the Marks and Franchisor's Intellectual Property within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation, or ownership thereof by virtue of Franchisee's franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

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

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, Sperry~~CGA~~ Services, the Sperry~~CGA~~ Office, the Franchised Business and the System, without compensation. Franchisee also agrees (i) to have any affected employee of Franchisee who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual that authorizes Franchisor to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation, and (ii) to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: _______]

(e) Franchisee acknowledges Franchisor prescribes uniform standards respecting the nature and quality of Sperry~~CGA~~ Services provided by Franchisee regarding how the Marks are to be used. Nothing herein gives Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Franchisee agrees that all materials associated with Franchisor, Sperry~~CGA~~ Services or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, Franchisee agrees on behalf of itself, Franchisee's employees, Franchisee's agents, Franchisee's subcontractors, and any other party with whom Franchisee may contract to have such materials produced, to promptly execute all appropriate documents in this regard. As between Franchisee and Franchisor, the Suggestions, and all Intellectual Property Rights in and to the Suggestions are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System; the System will not become a joint work of authorship because of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a “work for hire” (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media, and forms of exploitation throughout the universe.

(g) If necessary, Franchisee agrees to join with Franchisor and share the expenses in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee hereby consents to the cancellation and agrees to join in any cancellation petition. Franchisee will bear the expense of any cancellation petition.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Sperry~~CGA~~ Office, Franchisee agrees at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Sperry~~CGA~~ Office and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "Sperry Commercial Global Affiliates" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Franchisee's letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as Franchisor may direct. The Business Name may not include the word "Advisors" or personal first names.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names.

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

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of Franchisor or the Owner of the Marks or (iii) any of Franchisor's other franchisees.

(e) If Franchisee is an entity and not an individual proprietor, Franchisee cannot use any of the Marks in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is licensing Franchisee access to Franchisor's Proprietary Information, trade secrets and other confidential data and information. Franchisee acknowledges the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential Operations Manual. Franchisor will disclose to Franchisee certain trade secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the trade secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information and Franchisor's trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, Franchisee agrees it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to Sperry~~CGA~~ Services or the Franchised Business, without Franchisor's express prior written consent.

(b) It is the intention of both Franchisee and Franchisor for Franchisee to maximize the Franchised Business at Franchisee's Sperry~~CGA~~ Office, and any action of Franchisee diverting business to another entity or diminishing the Franchised Business being conducted at Franchisee's Sperry~~CGA~~ Office will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Owner may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.
At all times after termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement, Franchisee agrees it will not (either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) use for any purpose Franchisor's trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the Sperry~~CGA~~ franchise system.

11.3 General Provisions Regarding Non-Competition Covenants.

(a) Franchisee acknowledges the restrictions contained in this Article XI are reasonable and necessary to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees and other fees which would have been payable if such business were included in the Franchised Business (and to receive an accurate and complete accounting of all earnings, profits and other benefits arising from such violation), which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

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

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

XII. ASSIGNMENT

12.1 Assignment by Franchisor.
Franchisor has the right to Transfer this Agreement, and all of Franchisor's rights and privileges hereunder to any other person, firm or corporation ("Franchisor's Assignee"); provided that, in respect to any Transfer ("Assignment by Franchisor") resulting in the subsequent performance by Franchisor's Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Franchisor, Franchisor's Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Franchisor's Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Franchisor in compliance with the terms set forth in the preceding sentence, Franchisor will be relieved of all obligations or liabilities after the effective date of the assignment.

the then current form of Franchise Agreement (unless Franchisor has a reasonable basis not to allow this, Franchisee may elect to have Franchisee's Assignee assume this Agreement for the remainder of its term);

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

(vi) Franchisee's Assignee agrees (A) an Office Manager successfully trained by Franchisor must at all times be employed to operate the Sperry~~CGA~~ Office and (B) Franchisor's Initial Orientation program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by Franchisee's Assignee's General Manager and other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, Franchisee's Assignee must also agree to pay for all of their expenses incurred in connection therewith, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, Franchisee must pay Franchisor a non-refundable “Transfer Fee” of $1,000(the Transfer Fee is not payable if Franchisor exercises its right of first refusal pursuant to section 12.3 of this Agreement). The Transfer Fee is subject to adjustment in Franchisor's discretion based on corresponding changes in the CPI since the Effective Date.

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

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

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Outlet. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) execute an assignment of the lease for the Outlet premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Outlet).

12.3 Right of First Refusal.

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

(b) Franchisee must deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new Sperry Commercial Global Affiliates franchisee, and any other related information requested by Franchisor. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters which cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept itself (or on behalf of Franchisor's nominee) the Assignment by Franchisee upon the terms and conditions specified in the notice.

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

12.4 Transfers to Certain Family Members.
Franchisee or a Principal Equity Owner, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in Franchisee's franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided a qualified and trained Office Manager remains employed at the Sperry~~CGA~~ Office or other adequate (in Franchisor's reasonable determination) provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.
Franchisee or a Principal Equity Owner may without Franchisor's consent, but upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee's franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided a qualified and trained Office Manager remains employed at the Sperry~~CGA~~ Office or other adequate (in Franchisor's reasonable determination) provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(b)(vii) hereof. However, Franchisee must comply with sections 12.2(b)(i) through (vi) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction. Also, Franchisee acknowledges and agrees that any Transfer to an affiliate will not relieve Franchisee from its obligations under this Agreement.

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

(a) Notwithstanding the foregoing, in the event of Franchisee's death or legal incapacity if Franchisee is an individual, or the death or legal incapacity of a Principal Equity Owner of Franchisee owning a majority equity interest in the Franchisee if an entity ("Majority Equity Owner"), the transfer of Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by Franchisee, provided a qualified and trained Office Manager remains employed at the Sperry~~CGA~~ Office or another responsible management employee or agent of Franchisee satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of Franchisee's death (if Franchisee is an individual) or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer within 270 days after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, Franchisor may (but is not obligated to) immediately commence operating the Franchised Business on Franchisee's behalf for a period of up to 90 days, renewable as necessary for up to one year and Franchisor will periodically discuss the status with Franchisee or its heirs. For such management assistance, Franchisee or the successor in interest must pay a reasonable *per diem* charge Franchisor set for the interim manager.

empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

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

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

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other Sperry Commercial Global Affiliates brand or any other name or in any manner which might tend to give the general public the impression Franchisee is in any way associated or affiliated with Franchisor, the System, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Sperry Commercial Global Affiliates trade dress. Franchisee must contact online review sites and other online directories and websites which have made reference to Franchisee's Sperry~~CGA~~ Office during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former Sperry~~CGA~~ Office (and the physical address of the former Sperry~~CGA~~ Office) and all use of former reviews from the period Franchisee was a Sperry Commercial Global Affiliates franchisee. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

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

(i) Remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) Permanently discontinue all advertising of Franchisee that states or implies that Franchisee is associated or affiliated with Franchisor or the System;

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

(v) Assign all interest and right to use all telephone numbers and all listings applicable to the Sperry~~CGA~~ Office in use at the time of such termination to Franchisor and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(vi) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Sperry~~CGA~~ Office or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating all of Franchisee's rights in any trade name Franchisee has used containing any of the Marks.

15.2 Franchisor's Rights as Franchisor.

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

(b) Franchisor may direct all applicable suppliers immediately cease providing Franchisee with equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide Sperry~~CGA~~ Services.

(c) Franchisee is obligated to return, at no expense to Franchisor, all copies of the Confidential Operations Manual and all other Sperry Commercial Global Affiliates proprietary materials and any other items supplied by Franchisor for Franchisee's use without additional charge in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retain after expiration, cancellation or termination of this Agreement.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

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

(i) If to Franchisor:

SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC
18881 VON KARMAN AVE STE 800
IRVINE CA 92612-1571
Phone: 1-949-705-5000

(ii) If to Franchisee:

____
____
____
Phone:

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

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

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

16.2 Indemnity.

(a) Franchisee hereby agrees to protect, defend and indemnify Franchisor, and Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against "Losses" (as defined in section 16.2(d) below) arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Sperry~~CGA~~ Office and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material default of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, Franchisee's Principal Equity Owners, other owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, from any Losses any of them may incur from any third party Proceeding arising out of Franchisor's intentional misfeasance, gross negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by Franchisee (or Franchisee's Office Manager, any Principal Equity Owner, or other of Franchisee's owners, affiliates, officers, directors, employees or attorneys) of any terms of, or Franchisee's obligations arising under, this Agreement.

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

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

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

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

(g) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

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

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

(a) Franchisee certifies that neither it nor any Principal Equity Owners or employees of Franchisee, or anyone else who is associated with Franchisee is listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Owners will comply with and assist Franchisor as much as possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents and warrants that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.13. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee executed with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

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

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

[Franchisee's Initials: _______]

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

16.15 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations

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

(b) In accordance with the foregoing section 16.15(a), the parties to this Agreement agree that this Agreement, and the Confidential Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of this Agreement, or any other document executed in connection with the franchise.

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

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective upon its execution by Franchisee and by Franchisor. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee hereby represents and warrants that all statements in this section 18.1 are true and accurate.

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

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Confidential Operations Manual. Franchisee represents it has the capabilities, professionally, financially, and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Sperry~~CGA~~ Office is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

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

(g) Franchisee and Franchisee's Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply with the terms hereof and be bound hereby.

(h) Franchisee agrees complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agrees that Franchisor, its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees Franchisor will have no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other System franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) Franchisee received an FDD and a copy of this Agreement at least 14 calendar days before it signed this Agreement.

(j) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

(k) Franchisee and each Principal Equity Owner acknowledge that in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

18.2 Additional Information Respecting Franchisee and Franchisee's Principal Equity Owners.

(a) Franchisee must fully complete the schedule attached as Exhibit 2 of this Agreement with required information about Franchisee's Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to section 16.1 hereof) where Franchisee's financial and other records are maintained is either [ ] the same address as provided in section 16.1 hereof, or [ ] the following address:

____

____.

This Agreement and its exhibits may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, the parties hereto executed this Agreement as of the Effective Date:

FRANCHISEE:

____

By: ______________________________

____
[PRINTED NAME AND TITLE]

By ______________________________

____
[PRINTED NAME AND TITLE]

FRANCHISOR:

SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC

By: ______________________________
Rand Sperry, Chief Executive Officer

By: ______________________________
Mark Hinkins, President

List of Exhibits to Franchise Agreement:

Exhibit 1 – Location of Sperry~~CGA~~ Office; Listings Exclusions

Exhibit 2 – Names and Addresses of Principal Equity Owners

Exhibit 3 - Guarantee of Franchise Agreement

Exhibit 4 - Confirmation of Annual Gross Commissions Earned

EXHIBIT 1 - LOCATION OF SPERRY~~CGA~~ OFFICE; LISTINGS EXCLUSIONS

The Sperry~~CGA~~ Office is located at:

____

____

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

Franchisee's Primary Area of Responsibility is either:

(i) the U.S. Postal Service ZIP Code ________; or

(ii) the portion of that ZIP Code described as follows (or by map attached to this Exhibit 1):

____

____

LISTINGS EXCLUSIONS (GCI earned from the following listings are not subject to royalty under this Agreement. To be eligible for exclusion Franchisee must include below the property address, type of transaction (sale, purchase or lease), expected closing date and listing expiration date):

1. ____

____

2. ____

____

3. ____

____

4. ____

____

5. ____

____

6. ____

____

7. ____

____

8. ____

____

9. ____

____

10. ____

____

[If necessary, add additional lines in an attachment after this page.]

SPERRY ~~SperryCGA~~

ADDENDUM TO FRANCHISE AGREEMENT AUTHORIZING BUSINESS BROKERAGE SERVICES

ADDENDUM TO FRANCHISE AGREEMENT AUTHORIZING BUSINESS BROKERAGE SERVICES

This Addendum to Franchise Agreement Authorizing Business Brokerage Services ("Addendum") is made and executed on _____________, 20___ (the "Effective Date"), by and between (i) Sperry Commercial Global Affiliates, LLC, a Delaware limited liability company, doing business as Sperry ("Franchisor") and (ii) __________ ______________________________________ ("Franchisee").

RECITALS

Franchisor and Franchisee entered into that certain Franchise Agreement dated _____________, 20__ (the "Franchise Agreement") granting Franchisee a franchise to operate a Sperry~~CGA~~ commercial real estate brokerage franchise from an office in ____________________, ________________.

Franchisee desires to provide business brokerage services during the term of the Franchise Agreement, and Franchisor desires to authorize Franchisee to provide business brokerage services under the Franchise Agreement and in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and in the Franchise Agreement, and other good and valuable consideration, the parties hereby agree as follows:

1. Unless otherwise defined herein, all capitalized terms will have the meanings ascribed to such terms in the Franchise Agreement. If there is any conflict or inconsistency between any term in this Addendum and the Franchise Agreement, the definition in this Addendum will prevail.

2. In this Addendum the term "Business Brokerage Services" means acting as an intermediary who facilitates the sale of privately held businesses by working with buyers or sellers. Such business brokerage services involve (i) pricing the business with a professional valuation, (ii) drafting an offering summary (or confidential business review), which is provided to prospective buyers only after they have signed a confidentiality agreement and been qualified by the broker, (iii) marketing the business to the widest possible audience while maintaining strict confidentiality, (iv) introducing prospective buyers to the business after insuring confidentiality agreements have been executed, (v) facilitating meetings between the seller and potential buyers, (vi) writing offers to purchase the business, (vii) handling negotiations between the parties after an offer has been made, (viii) facilitating the due diligence investigation, (ix) assisting the buyer in obtaining business acquisition financing, and (x) scheduling and facilitating the closing of the transaction.

3. Beginning on the Effective Date and during the term of the Franchise Agreement, Franchisee is authorized to provide Business Brokerage Services using Franchisor's trademarks and at the business locations authorized under the Franchise Agreement, subject to Franchisee's representation and warranties under sections 4 and section 5 herein.

4. Franchisee warrants and agrees that it holds and will maintain in full force and effect, at Franchisee's sole cost and expense, all applicable licenses required to facilitate the selling and buying of businesses in the state where the Franchisee is located.

5. Franchisee warrants and agrees that it has or will immediately procure and maintain in full force and effect, at Franchisee's sole cost and expense, insurance policies required to provide business brokerage services, including Errors and Omissions insurance coverage with limits of not less than one million dollars ($1,000,000). At all times during the term of the Franchise Agreement and this Addendum, Franchisee agrees to furnish to Franchisor certificates of insurance evidencing the term and limits of coverage in force, names of applicable insurers and persons insure, and a statement that coverage may not be canceled, altered or permitted to lapse or expire without 30 days advance written notice to Franchisor.

6. If Franchisee is in breach of sections 4 or 5 of this Addendum, Franchisor may terminate this Addendum immediately. Upon termination of this Addendum, Franchisee must not provide or attempt to provide business brokerage services using Franchisor's trademarks and at the business locations authorized under the Franchise Agreement.

7. All revenues derived and received from Franchisee's business brokerage services will be a part of the Franchisee's overall Gross Commission Income (or "GCI") under the Franchise Agreement Income and will be included in applicable Royalty Override payments under the Franchise Agreement.

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

Except for modifications and other text contained in this Addendum, the terms and conditions of the Franchise Agreement are unchanged and remain in full force and effect.

This Addendum may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, the parties executed this Addendum as of the Effective Date.

FRANCHISEE:	FRANCHISOR:
______________________________	SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC
By: ___________________________	By: ___________________________ Rand Sperry, Chief Executive Officer
______________________________ [PRINTED NAME AND TITLE]	
By ___________________________	By: ___________________________ Mark Hinkins, President
______________________________ [PRINTED NAME AND TITLE]	

SPERRY ~~SperryCGA~~

ADDENDUM TO FRANCHISE AGREEMENT
AUTHORIZING PROPERTY MANAGEMENT SERVICES

EXHIBIT A-3

ADDENDUM TO FRANCHISE AGREEMENT AUTHORIZING PROPERTY MANAGEMENT SERVICES

This Addendum to Franchise Agreement Authorizing Property Management Services ("Addendum") is made and executed on _______________, 20___ (the "Effective Date"), by and between (i) Sperry Commercial Global Affiliates, LLC, a Delaware limited liability company ("Franchisor") and (ii) _______________________________ ____ ("Franchisee").

RECITALS

Franchisor and Franchisee executed a Franchise Agreement dated _____________, 20__ (the "Franchise Agreement") granting Franchisee a franchise to operate a Sperry~~CGA~~ commercial real estate brokerage franchise from an office in _____________________, _________________ (the "Franchised Office").

Franchisee desires to provide "Property Management Services" (as defined below) as an ancillary additional service at the Franchised Office during the term of the Franchise Agreement, and Franchisor desires to authorize Franchisee to provide such Property Management Services under the Franchise Agreement and in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and in the Franchise Agreement, and other good and valuable consideration, the parties hereby agree as follows:

1. Unless otherwise defined herein, all capitalized terms will have the meanings ascribed to such terms in the Franchise Agreement. If there is any conflict or inconsistency between any term in this Addendum and the Franchise Agreement, the definition in this Addendum will prevail.

2. In this Addendum, the term "Property Management Services" means supervising and administering commercial, industrial and multi-unit (at least four dwellings) residential property owned by another party or entity, excluding commissions received from leasing property, which are included in Franchised Business and GCI under the Franchise Agreement.

3. Beginning on the Effective Date and during the term of the Franchise Agreement, Franchisee is authorized to provide Property Management Services using Franchisor's trademarks and at the business locations authorized under the Franchise Agreement. The rights granted under this Addendum are for the right to use Franchisor's trademarks, however, other than email address for each property manager of Franchisee, Franchisor does not provide any technology, software or property management systems to support Franchisee's property management business.

4. Beginning on the Effective Date, Franchisee will pay Franchisor "Property Management Services Fees" as follows:

(A) On the first day of each calendar month, Franchisee will pay Franchisor a monthly fee of $300 for the initial Franchised Office and $175 if the Franchise Agreement is for an additional Franchised Office.

(B) Property Management Services are reported on the third business day of each month, and once cumulative revenues from Franchisee's Property Management Services exceed $100,000, on the fifth business day of each month thereafter, Franchisee will pay Franchisor an override fee of 2% revenues received from Property Management Services greater than $100,000.

5. Franchisee warrants and agrees that it holds and will maintain in full force and effect, at Franchisee's sole cost and expense, all applicable licenses required to provide Property Management Services in the state where Franchisee is located.

6. Franchisee warrants and agrees that it has or will immediately procure and maintain in full force and effect, at Franchisee's sole cost and expense, insurance policies required to provide Property Management Services, including Errors and Omissions insurance coverage with limits of not less than one million dollars ($1,000,000). At all times during the term of the Franchise Agreement and this Addendum, Franchisee agrees to furnish to Franchisor certificates of insurance evidencing the term and limits of coverage in force, names of applicable insurers and persons insure, and a statement that coverage may not be canceled, altered or permitted to lapse or expire without 30 days advance written notice to Franchisor.

7. If Franchisee is in breach of section 4 of this Addendum for failure to make required payments of Property Management Services Fees on a timely basis, Franchisor may terminate this Addendum upon 30 days' notice of default, unless Franchisee cures the default by paying all past-due sums. If Franchisee is in breach of sections 5 or 6 of this Addendum, Franchisor may terminate this Addendum immediately. Upon termination of this Addendum, Franchisee must not provide or attempt to provide Property Management Services using Franchisor's trademarks and at the business locations authorized under the Franchise Agreement.

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

Except for modifications and other text contained in this Addendum, the terms and conditions of the Franchise Agreement are unchanged and remain in full force and effect.

This Addendum may be executed and delivered by facsimile, email with scanned attachment or any electronic signature complying with the U.S. federal ESIGN Act of 2000 (including DocuSign) and, upon such execution and delivery, will have the same force and effect as an original.

IN WITNESS WHEREOF, the parties executed this Addendum as of the Effective Date.

FRANCHISEE:

____

By: ______________________________

____
[PRINTED NAME AND TITLE]

By ______________________________

____
[PRINTED NAME AND TITLE]

FRANCHISOR:

SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC

By: ______________________________
Rand Sperry, Chief Executive Officer

By: ______________________________
Mark Hinkins, President

SPERRY ~~SperryCGA~~

FINANCIAL STATEMENTS

EXHIBIT B

SPERRY ~~SperryCGA~~

LIST OF FRANCHISE OUTLETS

EXHIBIT C

LIST OF FRANCHISE OUTLETS

The following franchised Sperry~~CGA~~ Offices were open and operating on December 31, ~~2022~~ 2023:

STATE	CONTACT NAME	ADDRESS	PHONE NO.
ALABAMA	David Cornelius	1050 W. Main St., Dothan, AL 36301	334-699-8400
ARIZONA	Neil Sherman	2200 E. Camelback Rd., Ste. 101, Phoenix, AZ 85016	602-566-7210
CALIFORNIA	~~Daniel Hu~~	~~830 E. Valley Blvd., Alhambra, CA 91801~~	~~626-593-5289~~
	Julian Son Le	555 Anton Blvd., Ste. 150, Costa Mesa, CA 92626	714-277-0468
	Henry Liu	800 S. Barranca Ave., Ste. 160, Covina, CA 91723	626-705-3509
	Leo Gao, Cissy Lee	1360 Valley Vista Dr., Ste. 200, Diamond Bar, CA 91765	909-347-7258
	Larry Kozin, John Bellave	23121 Verdugo Dr., Ste. 100, Laguna Hills, CA 92653	702-622-7051
	Lock Richards	11300 Willow Valley Rd., Nevada City, CA 95959	530-470-1740
	Darrell Hoover	17 Corporate Plaza, Ste. 200, Newport Beach, CA 92660	949-423-6990
	~~Peter Ingersoll~~	~~1548 Mission Meadows Dr., Oceanside, CA 92057~~	~~925-918-3649~~
	Cristina Hsieh	3200 E. Guasti Rd., Ste.100, Ontario, CA 91761	909-967-9588
	Cedric Ferrell	333 City Blvd. W., Ste. 1700, Orange, CA, 92867	949-446-7147
	David Chen	155 S. El Molino Ave., Ste. 103, Pasadena, CA 91101	310-350-3810
	Tony Karakachian	215 N. Marengo Ave., 3rd Flr., Pasadena, CA 91101	213-226-8703
	Rick Lahkar	4198 Rennellwood Way, Pleasanton, CA 94566	916-821-8886
	David Collantes	310 Shaw Rd., Ste. A, South San Francisco, CA 94080	415-517-7511
	Mark Hinkins	1875 Olympic Blvd., Ste. 220, Walnut Creek, CA 94596	925-878-5176
COLORADO	Cheryle & Tim Powell	1111 Washington Ave., Ste. 110, Golden, CO 80401 ~~5738 Olde Wadsworth Blvd., Arvada, CO 80002~~	720-330-4333
FLORIDA	Kathleen Yonce	851 Broken Sound Pkwy. NW, Ste. 115, Boca Raton, FL 33487	561-526-8332
	Neil Sherman	980 N. Federal Hwy., Ste. 110, Boca Raton, FL 33432	954-249-7080
	Theresa Blauch-Mitchell	1922 Victoria Ave., Ste. A, Fort Myers, FL 33901	239-265-2628
	Ron Osborne	3730 Ottawa Ln., Hollywood, FL 33026	954-381-0412
	Steven Moreira	421 E. State Rd. 434, Ste. 1015, Longwood, FL 32750	407-256-9081
	James Flint	4100 N. Wickham Rd., Ste. 107A-200, Melbourne, FL 32935	321-405-7701
	Jorge Napoles	333 SE 2 Ave., Ste. 2000, Miami, FL 33131	786-871-3342
	Jason Jusko	2821 Sharer Rd., Tallahassee, FL 32312	850-519-2487
	Tina Marie Eloian	401 E. Palm Ave., Tampa, FL 33602	813-935-9600
GEORGIA	~~Mark Griffin~~	~~691 John Wesley Dobbs Ave. NE, Atlanta, GA 30312~~	~~706-714-7678~~
	Jeffrey Miller	2675 Paces Ferry Rd., Ste. 145, Atlanta, GA 30339	404-519-9880
	Robert Good	8744 Main St., Ste. 201, Woodstock, GA 30188	770-874-9210
ILLINOIS	Linda Durec	133 S. Addison Rd., Ste. 100, Addison, IL 60101	630-201-9293
	David Ellermann	420 W. Huron St., Chicago, IL 60654	630-377-1336
	Wayne Kurchina	5306 W. Elm St., McHenry, IL 60050	815-344-8900

STATE	CONTACT NAME	ADDRESS	PHONE NO.
KENTUCKY	Wesley Paul Odle III	3006 Meadowview Cir., Louisville, KY 40220	502-797-8828
	~~Courtney Celasun, Wesley Odle, Jonathan Klink, Katie Thompson~~	~~806 Stone Creek Pkwy., Ste. 2, Louisville, KY 40223~~	~~502-797-8828~~
MASSACHUSETTS	Mark Carangelo	75 Federal St., Ste 1100, Boston, MA 02110	617-833-8400
MICHIGAN	Robert Pliska	400 W. Maple Rd., Ste. 150, Birmingham, MI 48009	313-590-1111
MISSISSIPPI	Jon-David Johnson	175 Main St., Biloxi, MS 39530	228-207-0259
	Jon-David Johnson	164 Watford Parkway Dr., Canton, MS 39046	601-707-5555
MISSOURI	Ben Gakinya	3013 Orleans Dr., Columbia, MO 65203	573-239-2397
	~~Stephen Jacquemin~~	~~12095 ManchesterRd., 2nd Fl.,Saint Louis,MO 63131~~	~~636-227-7900~~
NEVADA	David Baird	2831 Saint Rose Pkwy., Ste. 200, Henderson, NV 89052	702-765-6005
NEW YORK	Susanna Shao, Henry He	31 Middle Neck Rd., Great Neck, NY 11021	516-321-9662
	Scott Bloom	1270 Avenue of the Americas, 8th Flr., New York, NY 10020	917-327-2109
NORTH CAROLINA	Steven Radekopf	5925 Carnegie Blvd., Ste. 200, Charlotte, NC 28209	843-514-0761
OHIO	Michelle & Steve Masica, Sarah Combs	2814 Detroit Ave., Ste. 119, Cleveland, OH 44113	216-293-8900
	Timothy Treasure	1123 Goodale Blvd., Ste. 500, Columbus, OH 43212	614-403-8162
	Michelle & Steve Masica, Sarah Combs	225 E. Liberty St., Ste. 100, Medina, OH 44256	216-293-8900
OREGON	Jerry Jones, Thomas Cowan Jr.	3350 Liberty Rd. S., Ste. 209, Salem, OR 97302	503-588-3586
SOUTH CAROLINA	Steve Radekopf	1563 Meeting Street Rd., Charleston, SC 29405	843-514-0761
	Mark Griffin	40 Parkway Commons Way, Greer, SC 29650 ~~103 N. Main St., Ste. 302 Greenville, SC 29601~~	864-315-3734
	Peter Perry	221 Cold Water Cir., Myrtle Beach, SC 29588	843-691-0134
	Kathleen Yonce	223 E. Main St., Ste. 600, Rock Hill, SC 29730	561-526-8332
TENNESSEE	~~J. Max Hamidi~~	~~1914 Exeter Rd., Ste. 3, Germantown, TN 38318~~	~~901-606-4941~~
	~~Brian Whidden~~	~~1788OldGrayStationRd.,Ste.1,Johnson City,TN37615~~	~~423-791-0536~~
	Glenn McDonald	5865 Ridgeway Center, Ste. 300, Memphis, TN 38120	901-289-1374
TEXAS	~~Rich Edison~~	~~101 Colorado St., Unit 3306, Austin, TX 78701~~	~~512-222-3364~~
	Joe Garrett	6125 Luther Ln., Ste. 267, Dallas, TX 75225	214-226-4395
	Heather Konopa	5751 Kroger Dr., Ste. 275, Fort Worth, TX 76244	817-715-1932
	Bill Graham	3122 Nealy Way, Longview, TX 75601	903-738-3886
	Adrian Abel Arriaga	200 S. 10th St., Ste. 904, McAllen, TX 78501	956-682-1111
	Mark Haynie	672 Ridge Hill Dr., Ste. A3, New Braunfels, TX 78130	830-481-9533
	Eric Duxstad	102 Oak Park Dr., San Antonio, TX 78209	210-218-7914
WASHINGTON	Larry Eu, Lien Ma	10701 Main St., Ste. 103, Bellevue, WA 98004	425-306-5458
	Ryan & John Downing	303 5th Ave., Ste. 209, Edmonds, WA 98020	206-324-9427

As of December 31, ~~2022~~ 2023, the following franchisees had signed ~~a~~ Franchise Agreements but not yet opened ~~its~~ their outlets:

STATE	CONTACT NAME	ADDRESS	PHONE NO.
CALIFORNIA	Rick Lahkar	6701 Koll Center Pkwy., Ste. 250, Pleasanton, CA 94566	916-821-8886
NEVADA	Frank Gatski	4755 Dean Martin Dr., Las Vegas, NV 89103	702-221-8226
~~MISSISSIPPI~~	~~Jon-David Johnson~~	~~175 Main Street, Biloxi, MS 39530~~	~~228-207-0259~~
TENNESSEE	Ben Van Gaasbeek	7825 Stonehenge Dr., Chattanooga, TN 37421	619-746-8378

The following Sperry~~CGA~~ real estate offices owned by related entities (these are not franchised offices) were open and operating on December 31, ~~2022~~ 2023:

STATE	ADDRESS
CALIFORNIA	18881 Von Karman Ave., Ste. 800, Irvine, CA 92612
COLORADO	3600 S. Yosemite Dr., Ste. 950, Denver, CO 80237
GEORGIA	6030 Unity Dr., Ste. A, Norcross, GA 30071
TEXAS	13500 Midway, Ste. 310, Farmers Branch, TX 75244

SPERRY ~~SperryCGA~~

LIST OF TERMINATED FRANCHISES

EXHIBIT D

LIST OF TERMINATED FRANCHISES

In ~~2022~~ 2023, the following franchisees had an outlet terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement:

STATE	NAME	CITY	LAST KNOWN PHONE NUMBER	REASON FOR LEAVING
CALIFORNIA	Daniel & Philip Hu	Alhambra	626-593-5289	Expiration of Franchise Agreement, did not renew
	Peter Ingersoll	Oceanside	925-918-3649	Expiration of Franchise Agreement, did not renew
	~~David Chen~~	~~Pasadena~~	~~310-350-3810~~	~~Expiration of Franchise Agreement, did not renew~~
	Rick Lahkar	Pleasanton	916-821-8886	Expiration of Franchise Agreement, did not renew
GEORGIA	Mark Griffin	Atlanta	706-714-7678	Expiration of Franchise Agreement, did not renew
KENTUCKY	Courtney Celasun, Katie Thompson, Jonathan Klunk	Louisville	502-797-8828	Expiration of Franchise Agreement, did not renew
MISSOURI	Stephen Jacquemin	Saint Louis	636-227-7900	Expiration of Franchise Agreement, did not renew
TENNESSEE	J. Max Hamidi	Germantown	901-606-4941	Termination
	Brian Whidden	Johnson City	423-791-0536	Expiration of Franchise Agreement, did not renew
TEXAS	Rich Edison	Austin	512-994-0154	Expiration of Franchise Agreement, did not renew

No franchisee has failed to communicate with Sperry Commercial Global Affiliates, LLC within the 10 weeks ending on the date of this disclosure document.

SPERRY ~~SperryCGA~~

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

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

California:
Commissioner of Financial Protection and Innovation,
Dept. of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
(866) 275-2677
Website: www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

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

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

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

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

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

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

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

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

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

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

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

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

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

SPERRY ~~SperryCGA~~

STATE SPECIFIC ADDENDA

EXHIBIT F

HAWAII

REGISTRATION OF FRANCHISES IN OTHER STATES

1. This proposed registration is effective in all states not requiring franchise registration and in the following states requiring franchise registration or notification:

~~California~~
~~Hawaii~~
~~Illinois~~
~~Indiana~~
~~Maryland~~
Michigan
~~Minnesota~~
~~New York~~
~~Virginia~~
~~Washington~~
Wisconsin

2. This proposed registration (or one substantially similar) is or will be shortly on file in:

California
Hawaii
Illinois
Indiana
Maryland
Rhode Island
Minnesota
New York
Virginia
Washington

3. No states have refused, by order or otherwise, to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR ILLINOIS FRANCHISEES

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

1. The Illinois Attorney General's Office has required a financial assurance. Therefore, all initial fees and payment owed by franchisees in Illinois will be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement and the franchisee has commenced doing business. Item 5 of the Franchise Disclosure Document and sections 4.1 and 4.4 of the Franchise Agreement are amended accordingly. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition. ~~Payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.~~

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

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

4. Illinois Law governs the agreements between the parties to this franchise.

5. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

DATED:____

FRANCHISOR: _______________________________________
(Signature)

DATED:____

FRANCHISEE: _______________________________________
(Signature)

INDIANA

ADDENDUM FOR INDIANA FRANCHISES

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

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

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

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

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

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

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

DATED:____________________	DATED:____________________
FRANCHISOR:	FRANCHISEE:
SPERRY COMMERCIAL GLOBAL AFFILIATES, LLC	
____________________________________	____________________________________
(Signature)	(Signature)

MARYLAND

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR MARYLAND FRANCHISEES

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

1. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C Section 101 *et seq*.).

2. Any general release required as a condition of renewal, sale, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law and Item 17 of the disclosure document is amended accordingly.

3. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Regulation and Disclosure Law, and Item 17 of the disclosure document is amended accordingly.

4. Any limitation on the period of time arbitration and/or litigation claims must be brought will not act to reduce the 3-year statute of limitations afforded you to bring a claim arising under the Maryland Franchise Registration and Disclosure Law, and Item 17 of the disclosure document is amended accordingly.

5. 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, and Item 5 of the disclosure document is amended accordingly.

MARYLAND

ADDENDUM TO FRANCHISE AGREEMENT
FOR MARYLAND FRANCHISEES

The Franchise Agreement is amended as follows:

1. Section 10.2(b) of the Franchise Agreement is amended to provide that a franchisee may sue in Maryland for claims arising under the Maryland Franchise Regulation and Disclosure Law. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

3. Any general release required as a condition of renewal, sale, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payment owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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

Date: ____________________	Date: ____________________
FRANCHISEE:	**FRANCHISOR:**
______________________________	Sperry Commercial Global Affiliates, LLC
BY: _____________________	BY: _____________________
ITS: _____________________	ITS: _____________________

MINNESOTA

APPENDIX FOR MINNESOTA FRANCHISEES

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

1. With respect to Item 5 and 7 of the Disclosure Document and Section 4.1(b) and 4.4(a) of the Franchise Agreement, please note that the Initial Franchise Fee and Technology Set Up Fee is due and payable in full on the opening date and is fully earned by Franchisor when paid.

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

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

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

(i) voluntary abandonment of the Franchise relationship by you;

(ii) your conviction of an offense directly related to the business conducted pursuant to the Franchise; or

(iii) failure to cure a default under the Franchise Agreement which materially impairs a goodwill associated with Sperry~~CGA~~'s trade name, trademark, service mark, logo type or other commercial symbol after you have received written notice to cure at least 24 hours in advance.

4. Minnesota Rule 2860.4400D prohibits Sperry~~CGA~~ from requiring you to assent to a general release.

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

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

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

8. Minnesota Statutes section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

10. Minnesota Statutes Section 80C.17, Subdivision 5 limits claims against Sperry~~CGA~~ to 3 years.

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

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

Date: ____________________	Date: ____________________
Franchisor:	Franchisee:
SPERRY COMMERCIAL GLOBAL AFFILIATES LLC.	______________________________
By: ____________________________	By: ____________________________

WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT~~, STATEMENT OF FRANCHISEE~~, AND RELATED AGREEMENTS

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

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

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

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

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

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

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

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

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.

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ________________ day of ________________________ 20______.

FRANCHISOR: Sperry Commercial Global Affiliates, LLC	FRANCHISEE:
By ___________________________ (Authorized Signature)	By ______________________________ (Authorized Signature)

SPERRY ~~SperryCGA~~

STATE EFFECTIVE DATES

EXHIBIT G

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	~~March 9, 2023~~
Hawaii	~~Pending~~
Illinois	~~March 15, 2023~~
Indiana	~~Pending~~
Maryland	~~March 15, 2023~~
Michigan	February 28, 2024 ~~21, 2023~~
Minnesota	~~Pending~~
New York	~~March 22, 2023~~
Rhode Island	~~March 8, 2023~~
Virginia	~~March 7, 2023~~
Washington	~~March 17, 2023~~
Wisconsin	~~March 2, 2023~~

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.

SPERRY ~~SperryCGA~~

RECEIPTS

EXHIBIT H

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 Sperry Commercial Global Affiliates, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide a Franchise Disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Jamie Lung,18881 Von Karman Avenue, Suite 800, Irvine, California 92612, telephone (949) 705-5000.

Date of Issuance: February ~~21, 2023~~ 28, 2024.

Sperry Commercial Global Affiliates, LLC authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated February ~~21, 2023~~ 28, 2024, that included the following Exhibits:

"A-1"	Franchise Agreement *Exhibits to Franchise Agreement:* Exhibit 1: Location of Sperry~~CGA~~ Office; Listings Exclusions Exhibit 2: Names and Addresses of Principal Equity Owners Exhibit 3: Guarantee of Franchise Agreement Exhibit 4: Confirmation of Annual Gross Commissions Earned
"A-2"	Addendum to Franchise Agreement Authorizing Business Brokerage Services
"A-3"	Addendum to Franchise Agreement Authorizing Property Management Services
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	State Specific Addenda
"G"	State Effective Dates
"H"	Receipts

DATED: ________________________
(Do not leave blank)

If a business entity:

____
(Name of Business Entity)

____
(Signature of Primary Contact Owner)

____
(Print Name and Title)

If an individual:

____
(Signature of Prospective Franchisee)

____
(Print Name)

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

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Sperry Commercial Global Affiliates, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide a Franchise Disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Jamie Lung,18881 Von Karman Avenue, Suite 800, Irvine, California 92612, telephone (949) 705-5000.

Date of Issuance: February ~~21, 2023~~ 28, 2024.

Sperry Commercial Global Affiliates, LLC authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document dated February ~~21, 2023~~ 28, 2024, that included the following Exhibits:

"A-1"	Franchise Agreement
	Exhibits to Franchise Agreement:
	Exhibit 1: Location of Sperry~~CGA~~ Office; Listings Exclusions
	Exhibit 2: Names and Addresses of Principal Equity Owners
	Exhibit 3: Guarantee of Franchise Agreement
	Exhibit 4: Confirmation of Annual Gross Commissions Earned
"A-2"	Addendum to Franchise Agreement Authorizing Business Brokerage Services
"A-3"	Addendum to Franchise Agreement Authorizing Property Management Services
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	State Specific Addenda
"G"	State Effective Dates
"H"	Receipts

DATED: ________________________
(Do not leave blank)

If a business entity:	If an individual:
______________________________	______________________________
(Name of Business Entity)	(Signature of Prospective Franchisee)
______________________________	______________________________
(Signature of Primary Contact Owner)	(Print Name)
______________________________	
(Print Name and Title)	

Please date and sign this page, and then return it to Jamie Lung, Sperry Commercial Global Affiliates, LLC, either by mail to 18881 Von Karman Avenue, Suite 800, Irvine, California 92612 or by e-mail to jamie.lung@sperrycga.com.