

THE
OCEANAIRE
REALTY

EST. 1979



FRANCHISE DISCLOSURE DOCUMENT

THE OCEANAIRE BRAND, LLC
a North Carolina limited liability company

1417 Millstone Landing Drive

Raleigh, NC 27603

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The franchisee will own and operate a real estate brokerage business that provides clients with the guidance and knowledge they need to make decisions comfortably and confidently regarding the purchase or sale of their real property. Franchisor, THE OCEANAIRE BRAND, LLC, provides services to franchisees including assistance with training, operations, and marketing and promotional techniques.

The total investment necessary to begin operation of a THE OCEANAIRE REALTY franchise is between \$81,700 and \$144,850. This includes \$25,000 that must be paid to us or our 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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact our President at THE OCEANAIRE BRAND, LLC at 1417 Millstone Landing Drive, Raleigh, NC 27603 and 919-608-2760.

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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: July 25, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits B-1 and B-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 THE OCEANAIRE REALTY 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 THE OCEANAIRE REALTY franchisee?	Item 20 or Exhibits B-1 and B-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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EXHIBITS

Exhibit A	THE OCEANAIRE REALTY Franchise Agreement with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Listing Assignment), Attachment 4 (Guaranty), and Attachment 5 (Nondisclosure and Noncompetition Agreement)
Exhibit B-1	Business Directory/Listing of Current Franchisees
Exhibit B-2	Listing of Certain Past Franchisees
Exhibit C	Financial Statements
Exhibit D	State Specific Information
Exhibit E	Federal and State Regulators and Agents for Service of Process
Exhibit F	Sample General Release Agreement
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Exhibit K	Confidential Operations Manual Table of Contents
Exhibit L	Statement of Franchisee Compliance Certification
Exhibit M	Receipt

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

THE FRANCHISOR

To simplify the language in this Disclosure Document, “we,” “THE OCEANAIRE REALTY,” “our,” or “us” means THE OCEANAIRE BRAND, LLC. “You” means the person or company that buys the franchise, including, if any, such company’s owners, partners, members, shareholders, and guarantors. We are a North Carolina limited liability company, formed under the name “THE OCEANAIRE BRAND, LLC” on February 14, 2022. Our principal business address is 1417 Millstone Landing Drive Raleigh, NC 27603.

Our sole business since inception is selling THE OCEANAIRE REALTY franchises and providing training and other services to THE OCEANAIRE REALTY franchisees. We began selling THE OCEANAIRE REALTY franchises in 2022. We are not currently engaged in any other business activities and have never offered franchises in any other line of business. We have never operated a THE OCEANAIRE REALTY location, although affiliates of ours do.

PARENTS, PREDECESSORS, AND AFFILIATES

We have no predecessors or parents.

Our affiliate, EDYOPP, LLC, was formed on March 26, 2015 in the State of North Carolina. EDYOPP, LLC has its principal place of business at 1417 Millstone Landing Drive, Raleigh, NC 27603. EDYOPP, LLC operates two THE OCEANAIRE REALTY businesses of the type offered in this disclosure document. EDYOPP, LLC does not offer and has never offered franchises in this or any line of business. EDYOPP, LLC shares certain employees with us.

Exhibit E lists our agent for service of process in your state.

THE FRANCHISE OFFERED

THE OCEANAIRE REALTY approach to real estate brokerage services focuses on providing clients with the guidance and knowledge they need to comfortably and confidently make a decision regarding the purchase or sale of their real property. THE OCEANAIRE REALTY approach was pioneered by our founder’s grandfather in coastal North Carolina from 1979 to 2005. Our founder, Doug Yopp, was inspired by the legacy of his grandfather’s brokerage business and re-established THE OCEANAIRE REALTY business in 2017. The brand tenets are accountability, culture, and value. The affiliate-owned units also have a culture of philanthropy. Franchising of the business began in 2022. As a THE OCEANAIRE REALTY franchisee, you will own and operate a real estate brokerage that provides client-focused services with a goal of become the most trusted real estate resource in your market (a “Business”).

THE OCEANAIRE REALTY Businesses are characterized by a unique system that includes a specialized approach to real estate services and client representation, distinctive design, color scheme, hardware and software programs, standards, specifications, procedures for operations, training and assistance, and advertising and promotional programs; all of which we may improve, amend, and further develop from time to time. You will be required to operate using our Marks

and in accordance with our operations manual and other proprietary manuals we may loan to you (collectively, the “Confidential Operations Manual”), standards and specifications, marketing and sales programs, and other research and development connected with the establishment and operation of a THE OCEANAIRE REALTY Business (collectively, the “System”), which we may modify from time to time as we deem appropriate in our sole discretion.

The typical THE OCEANAIRE REALTY Business can be operated in any market size. We offer qualified franchisees the opportunity to sign a unit Franchise Agreement, which grants a franchisee the right to operate a franchise from a brick-and-mortar office at a single approved location (“Office”). You must sign a Franchise Agreement to operate a Business and Office. We have the right to approve your Office applying our current standards for site selection. Your Office must be commercial property and not a home office. It must have space for at least 20 Associates to work independently, without sharing a workspace.

If you wish to open a second or subsequent Business or Office, you must sign a separate Franchise Agreement with us.

We anticipate that a typical THE OCEANAIRE REALTY Business will focus on residential real estate transactions, but, if you are qualified, you may also service commercial real estate clients. You are not permitted to offer only commercial real estate services. The Business is not to be operated as a title, mortgage, escrow, appraisal, home inspection, real estate investment, insurance, real estate development, lead management, or real estate software or technology related business. You may not offer, endorse, or promote such products and services without obtaining our prior approval.

The market for real estate services has some seasonality. Approximately 60% of the activity for the year occurs during the second and third quarters of the business year (March 1 to August 31).

The real estate brokerage industry is a mature industry. You will compete with other THE OCEANAIRE REALTY franchisees and THE OCEANAIRE REALTY businesses owned by our affiliate, other real estate brokerages, organizations for sellers and buyers of properties, listing services, property management companies, independent sales associates, and other similar businesses. These include national and regional chains, as well as local operations. Your ability to succeed with this franchise will in part be determined by your ability to compete with these other establishments. Additionally, your ability to succeed will be affected by the nature of the real estate market in the area where you chose to open your Business.

State and local jurisdictions have enacted laws, rules, regulations, and ordinances that will apply to the operation of your Business, including those that license real estate brokers. These laws affect many aspects of your Business, including your representation of your client, the way you promote your Business, your client agreements, and your relationship with the people who have state real estate broker licenses and are affiliated with your Business in any capacity, (“Associate”). There may be laws, rules, and regulations about how you perform your accounting and the way you derive, disclose, and share revenue, fees, and referrals.

Your owner who is responsible for the operation of your Business must be properly licensed as a real estate broker. Your Business’s Associates must be properly licensed real estate brokers. All of these are under the laws of the jurisdiction where the Office is located. We require that your

Associates have a real estate broker license. Other real estate credentials that are less than a real estate broker license, as the term “broker” is used in your jurisdiction, are not sufficient. If you elect to offer commercial brokerage real estate services and the laws of your jurisdiction require additional licenses or credentials to offer those services, you must comply with them. The federal Americans with Disabilities Act and Fair Housing Act will apply to your Business. You must follow the National Association of REALTORS® Code of Ethics. If you enter into a relationship with a mortgage company, title insurance company, or other settlement service provider, the Real Estate Settlement Procedures Act (“RESPA”) will apply. Some states may have laws and regulations relating to home protection, home warranties, residential service contracts, and insurance. States may also have requirements about advertising your services.

State and local laws, rules, regulations, and ordinances that may apply to the operation of your Business include those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Business premises; (b) set standards pertaining to employee health and safety; (c) set standards and requirements for fire safety and general emergency preparedness; (d) govern labor practices for your employees and independent contractors; and (e) govern the application of the Affordable Care Act.

We have not researched any of these laws to determine their applicability to your Business. You should investigate the regulations and requirements that apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance. We recommend consulting with an attorney to review the applicable laws. Before and after you sign a franchise agreement with us, it is your sole responsibility to investigate any other regulations in your area. You alone are responsible for complying with all applicable laws, regulations, and licensing procedures, despite any advice or information that we may give you.

ITEM 2. BUSINESS EXPERIENCE

Name	Position	Principal Occupation During the Past 5 Years
E. Doug Yopp	Founder and President	Since our founding in February 2022, Mr. Yopp has served as our founder and President. Since September 2017, he has also been the President and lead broker for The Oceanaire Realty brokerages that operate from Holly Ridge, NC and Raleigh, NC.

ITEM 3. LITIGATION

Ann Morea v. Jerry Thomas, Everett Douglas Yopp, and EDYOPP, LLC, (2021 CVD 11561), North Carolina District Court (2021). Our owner and affiliate represented Mr. Thomas in the sale of his residential property. The plaintiff had executed a purchase and offer contract for the property, but the contract was later mutually terminated and the sale of the property did not close. The dispute relates to disclosures made about the property and the payment and refund of the due diligence fee. In August 2021 the plaintiff filed a suit against Mr. Thomas. In an amended complaint dated December 17, 2021, the plaintiff named Mr. Yopp and EDYOPP, LLC as additional defendants. The plaintiff alleges that Mr. Thomas breached a contract and made the following allegations against all defendants: (i) violations of the North Carolina Residential

Property Disclosure Act, (ii) negligent misrepresentation, (iii) fraud, (iv) unfair and deceptive trade practices, (v) breach of the implied covenant of good faith and fair dealing, (vi) negligence and gross negligence, and (vii) constructive fraud. The plaintiff seeks damages, treble damages, and punitive damages. The defendants filed a motion for the court to dismiss the case but it was denied. The parties are engaged in discovery. Our owner and affiliate will continue to vigorously defend themselves.

Other than as set forth above, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

The Initial Franchise Fee is \$25,000 to open a single THE OCEANAIRE REALTY Business.

If you are an existing real estate broker and wish to convert your operations to be a THE OCEANAIRE REALTY franchise, we will discount the Initial Franchise Fee by 50%.

Additionally, for a second or subsequent Business to be located at another Office, you will pay an Initial Franchise Fee that is equal to 20% of the then-current Initial Franchise Fee.

The Initial Franchise Fee is due and fully earned when you sign the Franchise Agreement. It is non-refundable and payable in a lump sum. The Initial Franchise Fee includes the cost of training for two people, including an owner.

All fees disclosed in Item 5 were uniformly applied in 2021.

ITEM 6. OTHER FEES

Name of Fee ¹	Amount	Due Date	Remarks
Royalty	5.5% of Gross Commissions Subject to the following minimums: Year 3: \$1,225 per week Year 4: \$2,220 per week Year 5 and thereafter: \$2,575 per week	Weekly	“Gross Commissions” means all revenue and payments, however, characterized, generated, earned, derived, or received in connection with the sale, lease, exchange, auction, or management of real estate by the Business, the Brokerage Operations Manager, and by all of the Associates, including but not limited to referral commissions and fees, before (1) deducting any of your costs, expenses, or disbursements and (2) before such revenue and payments are split between the Business and Associates. Revenue from all transactions that require a real estate license and/or in which the Business, the Brokerage Operations Manager, and the

Name of Fee ¹	Amount	Due Date	Remarks
			Associates use our Marks and System are included in "Gross Commissions." Subject to state law, you are solely responsible for determining the commission rates charged by your Business and for determining the commission splits with your Associates. Years are measured from the date you commence operations of the Business, so Year 3 begin on the third annual anniversary of the date you commenced operations.
Brand Fund Contribution	Currently, 0.5% of Gross Commissions;	Weekly	We may increase this contribution to be up to 1.5% of Gross Commissions. Payable together with royalties to us, or as otherwise specified.
Local Advertising, Marketing and Promotional Expenditures	\$500 per month per Associate	As incurred by you; measured monthly	We have the right to require you to spend a minimum amount of money on local marketing. We reserve the right to require you to spend it with specific suppliers and products and to pay this amount to us or to our affiliate to use on your behalf. We recommend this be spent on lead generation activities.
Technology Fee	Not currently collected; Up to \$200 per month	Monthly	We reserve the right to implement this fee. We may use this fee for any technology-related purpose, and we may increase this fee at any time during the term. We reserve the right to alter, modify, substitute, add, or delete any technologies provided to you for the Technology Fee in our sole discretion.
Renewal Fee	10% of then-current initial franchise fee	Upon signing a then-current form franchise agreement	Payable in immediately available funds. Renewal is for one, five-year term.

Name of Fee ¹	Amount	Due Date	Remarks
Transfer Fee	Internal Transfer: \$1,500 Out-of-Network Transferee: 75% of the then-current initial franchise fee In-Network Transferee: 50% of the then-current initial franchise fee	At the time of transfer For Out-of-Network and In-Network transfers: Non-refundable, initial payment of \$5,000 is due at the time you notify us of your intent to transfer; remainder is due at the time of transfer	“Internal Transfer” means the addition of a new interest holder that does not result in a change of control of the entity. “Out-of-Network Transferee” means a person or party who is not a current THE OCEANAIRE REALTY franchisee in good standing. “In-Network Transferee” means a person or party who is a current THE OCEANAIRE REALTY franchisee in good standing.
Audit Fee	Costs and expenses	As incurred	The Audit Fee is paid by you if the understatement or underpayment is 2% or more.
Interest	1.5% per month or highest rate allowed by law	As incurred	Interest accrues from the original due date until payment is received in full.
Insufficient Funds Fee	\$250 per violation	As incurred	Failure to have sufficient funds available for payments to us.
New Product, Service, or Supplier Approval Fee	Costs and expenses	Upon request	If requested by you, you will pay all fees and costs incurred by us to obtain the necessary information and evaluate new products, services, or suppliers you propose to use.
Additional Training	Currently \$500 per trainer per day plus trainer’s expenses incurred	As incurred prior to beginning of additional training	In addition, you remain responsible for paying your and your employees’ lodging, transportation, and food expenses incurred for additional training. You may request additional training, or we may determine that additional training is necessary.
Legal fees and expenses	Costs and expenses, including but not limited to attorneys’ fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement	As incurred	Loser pays winner’s fees and costs to discourage meritless litigation. We could have to pay your fees.

Name of Fee ¹	Amount	Due Date	Remarks
Relocation Fee	20% of then-current initial franchise fee	10% of the then-current initial franchise fee is due upon notification that franchisee desire to relocate; remainder is due if and when a site is approved	You must obtain our permission to relocate your Office.
Indemnification	The amount of any claim, liability or loss we incur from your Business	As incurred	You agree to defend, indemnify, and hold us harmless should we be sued as a result of something you do or fail to do.
Post-Termination or Post-Expiration Expenses	Costs and expenses	As incurred	You must pay all costs and expenses related to de-identifying the Business or otherwise complying with your post-termination or post-expiration obligations.
Fines	\$1,000 per occurrence	As incurred	Fines can be levied for each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training, or franchisor sponsored conventions, fails to timely submit reports, offers unauthorized products or services or otherwise fails to comply with THE OCEANAIRE REALTY system's operating standards.
Refurbishment Fee	Our costs, plus an administrative fee of 15% of the total expenses incurred by us	As incurred	This is applicable only if you delay, refuse, or fail to make repairs or modifications to the Office or the Business that we require and we do this work for you.
Continuing Operation Fee	Greater of \$1,000 or 150% of the Royalty due for the same week for every week of month-to-month operations after termination or expiration of Franchise Agreement	As incurred	This is applicable only if you continue to operate as a THE OCEANAIRE REALTY franchisee after the termination or expiration of the Franchise Agreement. This fee in no way limits our rights to obtain other damages we may recover under the Franchise Agreement.

Name of Fee ¹	Amount	Due Date	Remarks
Local or Regional Cooperative Fees	Currently not collected; No cooperative currently established	When designated by cooperative.	In the event a local or regional cooperative is established for your area, you must participate and you must pay the cooperative payments the cooperative imposes. There is no maximum or minimum fee that can or will be imposed by a cooperative but cooperative payments are determined by majority vote of the cooperative members. All franchised, company-owned, and affiliate-owned businesses will have one vote each in any such cooperative.
Convention	Varies	As incurred prior to the convention.	We may hold periodic conventions or conferences for franchisees. We reserve the right to charge you a fee for attendance and reserve the right to require attendance. You will be responsible for all of the expenses of the persons you send to the convention, including travel, lodging, and food.
Goods or Services Supplied by Franchisor or its Affiliates	Varies	As incurred	We reserve the right to designate ourselves or our affiliates to be the suppliers of any goods or services. You will pay us our then-current rates for such goods or services.
Data Inspections and Reimbursement	Varies	Upon demand	If you repeatedly violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your Business. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Software Fees	We reserve the right to charge you for software. Not currently collected.	As incurred; yearly	We can charge a one-time licensing fee of up to \$2,500 and up to \$1,000 per year for an ongoing licensing fee.
System Modifications	All costs and expenses associated with System modification	As required	If we make changes to the System, you must adapt your business to conform to the changes. By way of example only, such changes may include new equipment, software, or construction materials. These may be paid to us, our affiliates, or a third-party supplier we designate.

Name of Fee ¹	Amount	Due Date	Remarks
Insurance Costs	Varies	Upon demand	If you fail or refuse to obtain and maintain the insurance we specify, we may obtain the insurance for you and the Business on your behalf, in which event you must reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance.
Liquidated Damages	Average monthly Royalty Fees paid to us during the 12 months prior to termination, multiplied by the lesser of (i) 36 or (ii) the number of full months remaining in the term of the Franchise Agreement; but in no event less than \$80,000.	Upon demand after early termination of the Franchise Agreement	Upon early termination of the Franchise Agreement, you must immediately pay us liquidated damages.

Note 1. All fees and expenses described in this Item 6 are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. We have the right to increase fees as a result of market conditions such as inflation.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	HIGH			
PRE-OPENING COSTS ¹					
Initial Franchise Fee	\$25,000	\$25,000	Lump sum	At signing of Franchise Agreement	Us
Construction, Leasehold Improvements ²	\$10,000	\$25,000	As incurred	Before opening	Contractor/Third-party providers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	HIGH			
Utility and Security Deposits	\$500	\$1,000	As incurred	Before opening	Utility companies and other third-party providers
Signage (interior and exterior)	\$2,500	\$4,000	As incurred	Before opening	Third-party providers
Furniture and Fixtures ³	\$10,000	\$20,000	As incurred	Before opening	Third-party providers
Business Software ⁴	\$2,000	\$5,000	As incurred	Before opening	Third-party providers
Office Equipment, Computers, and Office Supplies ⁵	\$1,500	\$4,000	As incurred	Before opening	Third-party providers
Initial Inventory ⁶	\$2,500	\$5,000	As incurred	Before opening	Approved third-party providers
Business Insurance ⁷	\$800	\$1,200	As arranged	Before opening	Insurance company
Pre-opening Travel and Living Expenses ⁸	\$400	\$2,400	As incurred	Before Opening	Airline, hotel, restaurants
Professional Fees ⁹	\$1,000	\$1,500	As arranged	Before opening	Attorneys, accountants
Business Licenses ¹⁰	\$500	\$750	As incurred	Before opening	Licensing agencies
Additional funds – 3 Months ¹¹	\$25,000	\$50,000	As incurred	After opening	Various

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	HIGH			
TOTAL	\$81,700	\$144,850			

Note 1: The above table represents your estimated initial investment through the third month of operation of your business. All fees and payments are non-refundable unless otherwise noted or allowed by third-party vendor. Neither we nor our affiliate offer direct or indirect financing for your initial franchise fee or for any other payments you must make or costs you must incur in starting and operating your business.

Note 2: You must operate THE OCEANAIRE REALTY Business from a suitable Office and may need to upfit the business to meet our brand standards. The high estimate assumes a larger space and one that needs more improvements in order to comply with our brand standards. We require that you lease or purchase a separate office space and you cannot have a home office. The Office must have sufficient square footage to allow independent workspace for at least 20 Associates. We anticipate that this will be between 1,500 and 3,000 square feet. Costs will increase if you lease a space with more square footage or if you purchase property. You may be required to have a separate office space of a certain size according to the requirements of the jurisdiction where you receive your real estate broker license. Your cost to lease or purchase space is difficult to quantify because there are many factors that will impact what you pay. These factors include THE OCEANAIRE REALTY Business's location, its square footage, cost-per-square foot, renovation costs and any required maintenance fees. Your landlord, developer, or builder may refund your security deposit or other fees paid, but most will not refund rental payments or other payments made. You should ask your leasing agent or landlord about their refund policy before you sign a lease agreement.

Note 3: You will need to furnish your Business with office furniture and fixtures.

Note 4: You must obtain the business software that we require to use. Some of the software has variable costs based upon the number of users. The high estimate assumes you will have 20 users, or one user per Associate. See Item 11 for a complete list of the software you will need for your Business.

Note 5: You must obtain office supplies and equipment, including one desktop or laptop computer, a multi-purpose scanner, fax, and printer, a smartphone, and high-speed internet. This estimate assumes that each Associate supply his or her own smartphone and laptop for his or her work.

Note 6: You must obtain an initial inventory of branded materials from our designated supplier. These include items like notepads, yard signs, pens, and folders.

Note 7: These estimates represent six months of premiums. These estimates are based on the experience of our affiliate and may vary based on your location, insurance provider, and other factors.

Note 8: These estimates assume you will send two people to our initial training program in Raleigh, NC or Holly Ridge, NC. These estimates do not include any labor costs for your attendees.

Note 9: These estimates represent fees for initial reviews and advisory services for an attorney and an accountant. You may incur greater costs if you engage an accountant or attorney to perform other or additional services or if you use service providers who charge high fees.

Note 10: You will need to obtain the business licenses required in your jurisdiction. These estimates do not reflect the costs for real estate broker licenses for you, your firm, or your Associates.

Note 11: You should have a 3-month cash reserve to cover the operations of THE OCEANAIRE REALTY business. Our estimates for the cash reserve you should have on hand include our estimates for three months' of rent, fees to join MLS listings, costs of firm real estate licenses, personal brokerage license for the owner, membership in real estate associations, Royalties, Brand Fund Contributions, and advertising expenses, offset by the revenues we estimate you will collect in the first three months of operation. Our estimates do not include any other charges or expenses, including finance charges, interest or debt service obligations or any other expenses. Your costs, and the amount you should have in reserve, will be affected by factors in the local market, your technical, marketing and general business skills, local economic conditions, local competition, local cost factors and where your Business is located. You may need to have more or less money in your cash reserve than what we have estimated. You should speak with a financial advisor to get a more accurate estimate of the amount you should have in reserve. The operating costs for which you may use the cash reserve are typically non-refundable, but you should ask about refund policies before you patronize any vendor. The amounts shown in these and all other estimates in Item 7 are based on the experience of our affiliate.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Suppliers, Products, and Services. You will be required to operate the Business according to THE OCEANAIRE REALTY System and in strict conformance with our Confidential Operations Manual and proprietary guidelines. We reserve the right to require you to purchase all technology, equipment, products, services, marketing materials, and other supplies you use in the Business from the suppliers we approve or designate, which may include us or our affiliates. We have the right to change our business relationship with our approved suppliers as well as the right to add and/or remove approved goods, services, suppliers from the approved lists. You must comply with the changes. To the extent we have established required or approved suppliers and other specifications or standards, you must comply with them. We will provide these requirements to you in the Confidential Operations Manual and other written instructions and update them from time to time.

Currently, we and our affiliates are not the designated, approved, or exclusive supplier of any goods or services. We reserve all rights to become the approved, designated, or exclusive supplier of any goods and services in the future.

You are required to use the approved software systems and obtain them from our designated suppliers. The software systems include a data analytics software, a client relationship management software, an email marketing subscription, a transaction management software, a

training software, a phone system, and accounting software.

We have also designated suppliers of the photography and measurement services you use in the Business.

You are required to use our designated supplier of marketing promotional items such as umbrellas, pens, jackets, and other branded items.

We currently have designated lenders and title companies you must use for transactions. However, these may vary from franchisee to franchisee due to the location of your Franchised Business. We reserve the right designate different companies in the future.

You are required to be a member of the National Association of REALTORS® and your local REALTOR® association. You must participate in the Multiple Listing Services in the region where you operate your Business.

The Business is not to be operated as a title, mortgage, escrow, appraisal, home inspection, real estate investment, insurance, real estate development, lead management, or real estate software or technology related business. However, we or our affiliates may enter into these businesses in the future and require you to use our or their services, where permitted by referral laws and rules.

We must approve the site for your Office. If you do not own your business premises, we must approve the lease or sublease of your Office. It is your responsibility to select your Office. We have the right to require you and your landlord to provide in the lease that we shall have the right at our option and without compensation to you to take assignment of the lease should you materially default under the lease or should your franchise terminate or not be renewed for any reason. You are not allowed to relocate the Office without our prior written approval.

Unauthorized Suppliers. Where we have designated an approved supplier, you must use that supplier. Not purchasing your services, equipment, marketing materials, supplies, technology, or any other items where we have designated an approved supplier would put you in violation of the Franchise Agreement.

Insurance. You are obligated to obtain and maintain at your own expense the types and amounts of insurance that we designate in our Franchise Agreement or Confidential Operations Manual or otherwise in writing. We may increase or modify the required limits and types of insurance at our discretion. All policies (except any workers' compensation insurance) must name us as an additional insured and all shall contain a waiver of all subrogation rights against us and our successors and assigns. In addition to any other insurances that may be required by applicable law or by your landlord, you must procure real estate professional errors and omissions insurance with limits of \$1,000,000 per claim and \$1,000,000 in aggregate. The insurance should cover liability for Fair Housing Act discrimination, fungi and bacteria, and open houses.

The Franchise Agreement also outlines the types, amounts, terms and conditions of insurance coverage required for your Business, including, but not limited to, our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to

defend a claim; and similar matters relating to insured and uninsured claims. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history.

Method of Approving Suppliers and Vendors. To use a good, service, or supplier that we have not already approved, you must first submit to us information including product specifications, product components, product performance history, product samples, supplier information, and any other relevant information. We will evaluate the proposed item or supplier based upon certain criteria and determine if you are approved to use the alternate i or supplier. We make the following criteria available to you and reserve the right to evaluate your request upon additional criteria: performance history, reliability, warranties, reputation, cost, financial ability and history, capacity, and compatibility with THE OCEANAIRE REALTY image and brand. Our review is generally completed in 90 days. If we do not approve of the good, service, or supplier within 90 days, then it is deemed not approved and you must not use that good, service, supplier. We will advise you in writing of our decision. We impose these restrictions to safeguard the integrity of both the System and our trademarks. We may, however, in our sole discretion, revoke our approval of a with 30 days' written notice and you must comply with the change.

Required Purchase Percent. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us, represents approximately 90% of your total purchases in connection with the establishment of your Business. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents approximately 90% of your total purchases in operating your Business.

Revenue Derived. In the last fiscal year, we did not receive any revenue from our franchisees' required purchases or leases. We and our affiliates reserve all rights to receive benefits, revenue, discounts, commissions, and rebates from your required purchases or leases in the future.

Interest in Suppliers. Our owner Doug Yopp owns an interest in us and our affiliate, which entities may be approved to supply you with certain goods and services. Otherwise, none of our affiliates, officers, or owners own any interest in any approved supplier of goods or services to our franchisees. We reserve the right to become, or approve our affiliates to become, approved suppliers in the future or receive benefits, revenue, discounts, commissions, and rebates from required purchases that we do not currently receive.

Purchasing or Distribution Cooperatives. Currently you are not required to participate in a purchasing or distribution cooperative, but we have the right to require you to participate in one in the future.

Miscellaneous. We may negotiate purchase agreements with suppliers, including price terms, for the benefit of the franchisees; however, we are not required to do so. We will have no obligation to share such benefits, revenue, discounts, commissions, and rebates received with you. We do not provide franchisees with any material benefits based upon a franchisee's use of approved 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 AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Franchise Agreement §§ 1, 2(b)(viii), 2(b)(ix) and 6; Franchise Rider	Items 7, 8, and 11
b. Pre-opening purchases/leases	Franchise Agreement §§ 4, 6, 11, and 12; Lease Rider	Item 8
c. Site development and other pre-opening requirements	Franchise Agreement §§ 2(b)(ix), 6, 7, 8(a)(i), 8(e), 9, 10, 11(a)(ii), 11(b), 11(c), 11(h), 12(a)-(c) and Attachment 2 (Lease Rider)	Items 7, 11
d. Initial and ongoing training	Franchise Agreement §§ 4(a)(iv) and (v), 11(b)	Item 11
e. Opening	Franchise Agreement §§ 1, 3, 4 and 8(a)(i)	Items 5, 7, 11
f. Fees	Franchise Agreement §§ 2(b)(vi), 2(e), 3, 8, 11(b), 11(p)(v), 13(d)(vii), 13(e)(iii), Attachment 1 (Franchise Rider) and Attachment 5 (Nondisclosure and Noncompetition Agreement)	Items 5, 6, 7, and 17
g. Compliance with standards and policies/Confidential Operations Manual	Franchise Agreement §§ 2(b)(ii), 4; 10, 11; and Confidential Operations Manual	Items 13 and 15
h. Trademarks and proprietary information	Franchise Agreement §§ 7 and 11(c); Confidential Operations Manual	Items 13 and 14
i. Restrictions on products/services offered	Franchise Agreement §§ 5(b), 11(a), 11(c) and 12	Items 8 and 16
j. Warranty and customer service requirements	Franchise Agreement §§ 11(l) and (m), and 17(c)(iv)	Item 15
k. Territorial development and sales quotas	Franchise Agreement § 5	N/A

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
l. Ongoing product/service purchases	Franchise Agreement § 12	N/A
m. Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 2 (b)(viii), 6, 11(c), (h) and (i)	Item 8 and 11
n. Insurance	Franchise Agreement § 16	Item 8
o. Advertising	Franchise Agreement §§ 8 and 9	Items 6 , 7, and 11
p. Indemnification	Franchise Agreement § 19(b)	Item 6
q. Owner's participation/management/staffing	Franchise Agreement § 10, 11(d) – (f)	Item 15
r. Records/reports	Franchise Agreement § 11(p)	Items 6 and 17
s. Inspections/audits	Franchise Agreement §§ 11(p) and (q)	Item 6
t. Transfer	Franchise Agreement §§ 13 and 14	Item 17
u. Renewal	Franchise Agreement § 2(b) - (d)	Item 17
v. Post-termination obligations	Franchise Agreement §§ 6(c), 7(d), 11(h), 14, 15, 17, 18, 19 and Attachment 5	Item 17
w. Non-competition covenants	Franchise Agreement §§ 11(l), 14, 15, 18, and Attachment 5	Item 17
x. Dispute resolution	Franchise Agreement §§ 19 and 21	Items 6 and 17

ITEM 10. FINANCING

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note, or other obligations.

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

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

Pre-Opening Assistance:

After you sign your Franchise Agreement, but before you open your Business:

1. Initial Training. We will offer you a training program as described in more detail below.

2. Confidential Operations Manual. We will lend you a set of our Confidential Operations Manual.

3. Site Selection. After the Franchise Agreement is signed, it is your responsibility to select and outfit your own brick and mortar office. You must lease a separate office space and cannot operate from a home office. We require you to have the capacity to provide personal workspace for at least 20 Associates. We anticipate that to achieve this standard, you must have between 1,500 and 3,000 square feet of office space. The laws of the jurisdiction where you receive your real estate broker's license may require a separate office space of a certain size. We are not required to provide or assist you in locating a site or obtaining your Business premises, but we may provide general advice. We must approve the site location and the lease if you do not own the premises. Generally, we approve or disapprove a site within thirty (30) days of receiving the request. In the event we do not approve a proposed site within said thirty (30) days such site shall be deemed disapproved by us. Our determination to approve or disapprove a site may be based on various criteria, including but not limited to business count, traffic count, accessibility, parking, visibility, and competition. It is your responsibility to ensure that your premises conform to local ordinances and building codes as well as obtain any required permits. We must approve your design of the office prior to commencing any leasehold improvements, remodeling, or construction. Businesses that convert to being franchisees must also conform their offices to our standards. Your premises must conform to our required standards. If you fail to select a site that we approve and begin operation within six months of signing the Franchise Agreement, you will be in default and not entitled to a refund if we terminate the agreement. (Franchise Agreement Section 6).

3. List of Approved Suppliers, Goods, and Services. Before you open your Business and to the extent we have them, we will provide you with a copy of our list of approved vendors and suppliers for all required or recommended goods, services, supplies, fixtures, equipment, inventory, signage, décor, furnishings, or computer systems. We will provide you with a list of standards and specifications for these items to the extent we have them. We do not install or deliver these items. You will be responsible for obtaining all items necessary to operate your Business.

4. Other Advice. We are not required to provide you other supervision, assistance or services prior to the opening of the Business. (Franchise Agreement Section 4.) However, if requested, we will advise on additional topics related to the opening of your Business, including but not limited to purchasing inventory and hiring and training employees and Associates.

During the operation of the Business under your Franchise Agreement:

1. Advice. We will provide advice and consultation services to you. If you request advice or consultation service that requires us to make our staff present at your Business or that is greater than what we offer to other franchisees, we may charge you our additional training fee, plus expenses. (Franchise Agreement Section 4.)

2. Advertising. We will make available to you from time to time advertising materials we prepare for use by THE OCEANAIRE REALTY franchisees generally. We will also review advertisements that you propose to use. (Franchise Agreement Section 8.) We reserve the right to use our own funds from time to time to conduct advertising. We have the sole discretion to

determine the advertising products, media, and geographical markets for the advertising. We have no obligation to supply you with any advertising material produced for us at our sole expense.

3. System Improvements. We will make available to you from time to time all improvements and additions to the franchise System to the same extent and in the same manner as they are made available to THE OCEANAIRE REALTY franchisees generally. There is no limit to the maximum amount required to be spent on improvements. (Franchise Agreement Section 4(a)(vii).)

4. Additional Training. During the term of your Franchise Agreement, we may offer additional training to you or your Associates or you may request additional training. We reserve the right to charge you for this at our then-current rates. You must pay for it at the time of the training, unless alternative billing arrangements are agreed to. Also, you bear all indirect training costs and expenses, such as compensation expenses of your Associates and employees and all expenses of travel, lodging, meals and other living expenses you and your designee incur. While most additional training is optional, you may be required to attend the additional training. If you are required to attend the additional training, no tuition fee will be charged to you, although you will be responsible for all transportation, lodging, food, and other costs incurred in attending the training.

5. Conferences and Conventions. While we are not required to do so, from time to time we may offer conferences and other training courses relating to our industry and to the conduct of the Business. Franchisees are required to attend all conferences and other required training courses. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to franchisees. We have the right to charge you a tuition fee for each attendee, whether or not the attendee is required to attend. Additionally, you will be responsible for all transportation, lodging, food and other costs incurred by any of your attendees in attending such seminar.

6. Online Presence. We may maintain a website in order to promote the Marks, or any or all of the Businesses within the System. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; or (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed.

We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, or e-commerce site) that in any way concerns, discusses or alludes to us, the System or your Business without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. For any Online

Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the Franchise Agreement. (Franchise Agreement Section 8(h).) We have the right to require that any Online Presence or email address we permit you to use, create or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies and we may take ownership of any Online Presence upon expiration or termination of the Franchise Agreement or during the term of the Franchise Agreement and operate it as we see fit.

You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the System, the Marks, or the Business that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Confidential Operations Manual, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks.

Subject to the terms of the Franchise Agreement and Confidential Operations Manual, we may make available to you a subpage on our website that will be located at a sub-domain of the website to be specified by us (or on a subpage of another Online Presence) (the “Subpage”). Upon the termination, non-renewal, or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, we will not upload content for you, you may not use the Subpage and we may cease to make the Subpage available to you.

We require you to grant us a license to the content of the real estate listings of your Business and we reserve the right to display the listings on any THE OCEANAIRE REALTY Online Presence.

7. Franchise Advisory Council. While we are not required to do so, we reserve the right to maintain a Franchise Advisory Council (“FAC”). The FAC would provide advice to us on various matters, including advertising. The FAC would serve in an advisory capacity only and would have no operational or decision-making power. We would appoint the members of the FAC and have the power to change or dissolve it at any time.

DEVELOPMENT SCHEDULE

We expect you to open within four months of signing the Franchise Agreement and have the right to terminate the Franchise Agreement, without providing you with any refund, if you fail to open within six months after you sign the Franchise Agreement. The factors that may increase or decrease the time periods discussed above are: the amount of time and effort you commit to the site selection process and the construction of your Business; the availability of acceptable sites within the geographical area you choose; your ability to obtain a lease, financing and building permits; your credit and personal financials, and zoning and licensing requirements.

TRAINING

The initial pre-opening training program must be completed prior to opening your Business by you, if you are an individual, or for one of your owners if you are an entity. We will also train one

manager for the Business. The Initial Franchise Fee includes the initial training program for up to two people.

The initial training covers the operations and management of the business according to THE OCEANAIRE REALTY standards. Your trainees must complete the training to our satisfaction prior to commencing operations of your Business.

We will provide the initial training program at our office in Raleigh, NC, Holly Ridge, NC, or another location we designate. We plan to schedule training classes on an as needed basis. You will be responsible for any expenses your trainees incur in attending the training. The training materials will include direct instruction and the Confidential Operations Manual.

Doug Yopp will oversee this training. Each trainer will have a minimum of one year of experience in the real estate industry.

In addition to the initial training program held at our location, we will send at least one of our representatives to your Business for two days prior to the date you commence your operations.

See the chart below for a summary of the topics covered.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
History/Philosophy of The Oceanaire Realty	.25	0	Training Center
Use of the Manual	.25	0	Training Center
Pre-Opening Procedures	2	0	Training Center
Marketing and Promotion	2.5	0	Training Center
Human Resources	2	0	Training Center
Recruiting Agents	4	0	Training Center
Onboarding Agents	4	0	Training Center
Office Procedures	2	2	Training Center/ In Field
Servicing Your Clients	10	8	Training Center/In Field
Managing the Business	3		Training Center
Totals	30	10	

CONFIDENTIAL OPERATIONS MANUAL

The Confidential Operations Manual contain mandatory and suggested specifications, standards, and procedures. They are confidential and remain our property. Your employees and Associates are to see them only on a need to know basis, subject to confidentiality agreements. We may modify this material from time to time and its modified terms are binding on you. The table of contents is attached to this Disclosure Document as Exhibit K and has 136 pages. (Franchise Agreement Section 11(h).)

We may periodically amend, update or replace the contents of the Confidential Operations Manual. Beginning on the 30th day (or any longer time we specify) after our delivery of written notice, you will comply with each amended, updated or replaced provision. Revisions to the Confidential Operations Manual will be made in our sole discretion.

ADVERTISING

You must use only advertising materials we have approved for your use. (Franchise Agreement Section 8(e).)

Brand Fund. We have established the Brand Fund. The current contribution is 0.5% of your Gross Commissions. We may raise the Brand Fund contribution to a maximum of 1.5% of your Gross Commissions. Other franchisees' Brand Fund contributions may be calculated at a different rate or on a different basis. We have the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by a franchisee.

With any Brand Fund contributions paid, we have the sole discretion on how and where the money is spent to promote, enhance, or further the growth of THE OCEANAIRE REALTY brand, businesses, and System. We are not required to make expenditures for you that are equivalent or proportionate to your Brand Fund contributions or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. Our use of the Brand Fund contributions may include, without limitation: research; promotional marketing, public relationships and advertising expenses; hiring marketing, public relations, and advertising agencies, technology companies, or in-house personnel to assist in developing THE OCEANAIRE REALTY brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the clients, the franchisees, or the brand's reputation; expenses associated with listings in online directories, on websites, digital marketing content, influencer marketing, radio, billboard, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, digital, or social media content, including but not limited to advertisements, coupons, and promotional materials (including point of purchase materials); expenses incurred in developing and maintaining non-franchise sales portions of the any Online Presence; developing and making available property listing services; listing distribution arrangements; real estate listing enhancement costs and subsidies; transaction system improvements; brand extension development and marketing; and expenses incurred in using search engine optimization and pay per click advertising or other digital marketing software, services or companies to help promote the brand. (Franchise Agreement Section 8(a)(ii).)

While we do not anticipate that any part of Brand Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of THE OCEANAIRE REALTY brand, for the creation and maintenance of one or more Online Presences, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available” or similar language.

We may occasionally provide for placement of advertising on behalf of the entire franchise system, including franchisees; however, we are more likely to provide you with advertising content to use in your local market. You will be responsible for implementing any promotional or public relations programs or placing any advertising content we create, at your own expense. If we create any advertising content, which we are not obligated to do, you will receive one sample of the advertising content at no charge. You must pay for the duplication and distribution of the content. (Franchise Agreement Section 8.)

The Brand Fund is administered by our accounting and marketing personnel under our direction. We have the right to establish in the future a nonprofit corporation or other business entity to collect contributions from our franchisees. The Brand Fund is not a trust fund. We have no fiduciary duty to you or any franchisee in connection with the collection or use of the Brand Fund contributions. The Brand Fund is not audited. Unless required by state law, we are not required to provide you with any accounting of the expenditures of the Brand Fund and you have no right to an accounting. We will not use your Brand Fund contributions to defray any of our operating expenses, except for any reasonable administrative costs and overhead that we may incur in administering or directing the Brand Fund. Brand Fund monies not spent in the fiscal year in which they accrue are carried forward to cover expenses in future years. Although the Brand Fund is intended to be perpetual, we may terminate it at any time. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund’s future use. Our affiliate-owned outlets are not required to contribute to the Brand Fund on the same basis as you.

We did not collect or expend any Brand Funds in our last fiscal year.

Local Advertising Requirement. We will make available to you, from time to time, marketing materials we prepare for use by our franchisees generally. You may use such materials in any local marketing. You will pay for all associated costs. (Franchise Agreement Section 8(b).)

You may develop marketing materials for your own use at your own cost. We encourage the sharing by franchisees of marketing ideas and materials. We require you to submit marketing and promotional materials to us in advance and to obtain our approval before using them. If we do not approve of your marketing materials within 20 days after you submit them to us, then they are deemed disapproved, and you may not use such materials. You can only advertise your Business on websites approved in advance by us. You are required to follow our instructions in connection with any marketing or promotional materials we provide for your use. (Franchise Agreement Section 8(d) and (d).)

We may require you to spend up to \$500 per Associate per month on local marketing. We require that you submit documentation at least quarterly to us to verify to us that you are meeting this requirement. In the event that you spend less than designated minimum on local marketing in a

month, we will require that you pay the Brand Development Fund the difference between the required expenditure and the amount you actually spent on local marketing. We may designate the manner in which you use your expenditure and the vendors you use. We may require that you remit this amount to us or our affiliates to provide you with services related to local advertising. You may choose to spend more than the required amount on local advertising services and materials.

Local Advertising Cooperatives. While we have not yet established any local advertising cooperatives, we have the right to require that advertising cooperatives be formed, changed, dissolved, or merged. Each local advertising cooperative would be required to adopt written governing documents. Each cooperative would determine its own voting procedures; however, each franchisee and each company-owned THE OCEANAIRE REALTY Business would be entitled to one vote in any local advertising cooperative. The members and their elected officials would be responsible for administration of the cooperative. Advertising cooperatives would be required to prepare quarterly and annual financial statements prepared by an independent CPA which would be required to be made available to all franchisees in the advertising cooperative. Any cooperative formed is not a trust fund. We would have no fiduciary duty to you or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the cooperative. (Franchise Agreement Section 8(c).)

COMPUTER SYSTEM

You must purchase and use the computer systems, hardware, software, application, and technology (together the “Computer Systems”) we require. Currently, the required Computer Systems consist of one desktop or laptop computer, smartphone, a multi-purpose scanner, fax, and printer, and high-speed internet. We estimate that the cost to purchase this required hardware is between \$1,500 and \$4,000. Additionally, we require you to use certain required software, including BoomTown client relationship management software, Dotloop transaction management software, QuickBooks accounting software, Constant Contact marketing subscription, Grasshopper phone system software, and SISU data analytics software. The costs of this software can vary based upon the number of users you have, but we estimate the initial costs to be between \$2,000 and \$5,000. Each Associate will be responsible for providing a laptop and smartphone for his or her own work and these estimates do not reflect any of those costs.

Computer Systems requirements are also updated from time to time in the Confidential Operations Manual. You may be required to upgrade, maintain, or update your Computer Systems. We have no obligation to upgrade or maintain your Computer Systems.

We have the free, and unfettered right to independently retrieve any data and information from your Computer Systems as we, in our sole discretion, deem appropriate, including electronically accessing your transaction data, and other data of the Business. There are no contractual limitations on our right to access such data and information. You must ensure that we have direct access to your Computer Systems at all times. (Franchise Agreement Section 11(r).)

You must also give us direct access to your multiple listing services listings at all times and provide us the transaction and listing data we request. Currently the required Computer Systems will provide us with this information, but we may change the form of access from time to time. You must use the Computer Systems in a manner that grants us this access and visibility.

We may develop proprietary or non-proprietary Computer Systems. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with suppliers. Additionally, if we enter into a license agreement with a supplier and sublicense the Computer Systems to you, we may charge you for all amounts we pay to the supplier based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

We recommend that you back up your data locally, which may require you to purchase a “back-up” subscription service. We are not responsible under any circumstances for any malfunction or “crash” of the Computer Systems we require, recommend, provide, or approve, including for any Business data lost as a result of that malfunction or “crash.”

Despite the fact that you must buy, use, and maintain the Computer Systems according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which your Computer Systems interface with our and any third party’s technology; and (3) any and all consequences if the Computer Systems are not properly operated, maintained, and upgraded.

ITEM 12. TERRITORY

You are granted the right to operate the Business at a specific Office that we approve and you cannot relocate the Office without our prior approval. We will not grant you a protected territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You are not allowed to solicit or represent clients who are outside of the state where your Office is located. You must also comply with any further limitations that are imposed by your jurisdiction. Other than these few limitations, you may list or sell property or represent clients in any geographic area within your state. Similarly, we do not restrict other affiliate owned businesses or other franchisees’ businesses from representing and serving clients are located or who have properties near your Office.

However, we permit you to advertise and market your Business anywhere in the United States where the laws of your jurisdiction permit you to do so. We do not restrict other affiliate owned businesses or other franchisees’ businesses from soliciting, marketing, and advertising and they are permitted to advertise and market near your Office.

You must operate the Business only from the Office and only in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Confidential Operations Manual. The Business is not to be operated as a title, mortgage, escrow, appraisal, home inspection, real estate investment, insurance, real estate development, lead management, or real estate software or technology related business. You may not offer, endorse, or promote such products and services without obtaining our prior approval.

We retain the right all rights not expressly granted to you, including, among others, to: (a) use the Marks and System in connection with establishing and operating THE OCEANAIRE REALTY brick and mortar offices anywhere; (b) use the Marks or other marks in connection with selling or

distributing any goods (including branded merchandise and products) or services anywhere in the world (including, for example, retail locations, kiosks, catalogs, mail order, or the internet, e-commerce, or other electronic means) and including goods and services related to the real estate industry (such as mortgage, appraisal, inspection, escrow, property management, insurance, home warranties, software, technologies, and communications systems); (c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world; (d) use and license others to use the Marks in connection with soliciting, serving, or directing advertising or promotional materials to clients anywhere in the world and provide products and real estate brokerage services to clients anywhere in the world; and (e) use the Marks or other marks to directly, or through our affiliates or a third party, offer, sell, and provide goods and services other than those that you are authorized to offer, sell, and provide under the then-current System, through any channel of distribution. Although we reserve the right to operate a business under different trademarks, we have no current plans to do so.

Except for the laws that apply to any real estate licenses we or our affiliate's may have, there are no limitations preventing us or our affiliates from soliciting and accepting clients, providing real estate brokerage services, or accepting listings anywhere in the world.

If we decide to exercise these rights, we will not be obligated to compensate you for such sales.

You may not establish more than one THE OCEANAIRE REALTY Business without entering into a separate Franchise Agreement. We do not grant under this disclosure document any option, right of first refusal, or similar right to acquire additional franchises.

ITEM 13. TRADEMARKS

Our affiliate EDYOPP, LLC owns all of the trademarks and service marks used by us and our franchisees (the "Marks"). EDYOPP, LLC has granted us the exclusive license to use and sublicense the Marks on a worldwide basis (the "License Agreement"), which license continues until either side terminates by delivering written notice to the other or an earlier breach occurs. If the License Agreement is terminated, the sublicenses with our franchisees will remain until the termination or expiration of their franchise agreements. All rights in and goodwill from the use of our Marks ultimately accrue to EDYOPP, LLC as the trademark owner. Upon execution of our Franchise Agreement, we will sublicense to you the limited right to use the Marks in your Business in accordance with our standards.

Our affiliate has applied for federal registration on the Principal Register of two Marks we will license to you:

Serial Number	Application Date	Mark
97338270	March 30, 2022	
97338256	March 30, 2022	THE OCEANAIRE REALTY

The Marks do not have a federal registration. Therefore, our trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use the Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Presently, other than the License Agreement described above, there are no agreements in effect that significantly limit our rights to use or license the use of the Marks listed in this Item in a manner material to the franchise. All uses of the Marks of which we are aware occur with our permission. We know of no infringing use of the Marks that could materially affect your use of them.

We or our affiliate have filed and intend to file all necessary affidavits of use and renewal applications when they become due. There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, or the Trademark Administrator of any state or any court, nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving any of the above Marks. None of the registrations are due for renewal.

A federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our marks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our discretion.

Your right to use the Marks is derived solely from Franchise Agreements entered into between you and us for the purpose of operating a Business. You must follow our rules and regulations with respect to the use of the Marks. You may not use any Mark in connection with any business or activity, other than the business conducted by you according to Franchise Agreements entered into between you and us, or in any other manner not explicitly authorized in writing by us. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Marks as part of a corporate name or other legal name. After the termination, non-renewal, or expiration of the Franchise Agreement, you may not, except with respect to the Businesses operated by you according to Franchise Agreements granted by us, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, us or use in any manner or for any purpose any Mark or other distinguishing signs of our Business or any colorable imitation of same.

You must promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. You must promptly notify us of any claim of apparent infringement or claim of any person to rights in a similar trade name, trademark, or service Mark. Our affiliate has the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. Our affiliate has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks or challenge your use of the Marks or make claims about unfair competition arising out of your use of the Marks. You may not communicate with any person other than us, our affiliate, and our counsel in connection with any such infringement, challenge or claim.

We do not indemnify you or reimburse you for any damages you incur for any litigation related to your use of the Marks.

We reserve the right to substitute different proprietary marks for use in identifying the System and the business operating under it if we, in our sole discretion, determine that substitution of different marks as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with such changes.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent, patent application, or copyright registration, but you can use the proprietary information in our Confidential Operations Manual and our business processes all of which are trade secrets owned by us. Although we have filed no applications for a copyright registration for the Confidential Operations Manual, we claim a copyright and the information is proprietary.

You must strictly limit your employees' and Associates' access to the trade secrets, proprietary information, and confidential information (together "Confidential Information"). You must share Confidential Information with them only to the extent they have a "need to know" to perform their jobs. All persons to whom you grant access to the Confidential Operations Manual or any other Confidential Information, any person who attends any training program we conduct, and all of your managerial employees must sign our form of confidentiality agreement. If you are a partnership, limited liability company or corporation, all of your owners, officers, or directors and any of these individuals' spouses will sign a form of the confidentiality provisions. You must use the Confidential Information only in the manner required by us. You must fully and strictly comply with all security measures required by us for maintaining the confidentiality of the Confidential Information.

If you or your owners, officers, managers, Associates, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, formulae, products, services, or other concepts and features relating to Business operations, business practices, real estate brokerage services, or related goods and services in connection with the Business (the "Innovations"), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your owners, officers, managers and employees also must cooperate with us in connection with protecting the Innovations, including executing any and all instruments and do any and all acts necessary to establish our ownership of the Innovations.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights or Confidential Information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the Confidential Information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the Confidential Information is limited and temporary. Upon expiration, non-renewal, or termination of the Franchise Agreement for any reason, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the Confidential Information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights, and the Confidential Information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the Confidential Information, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights, or the Confidential Information. We will not indemnify you for losses arising out of use or misuse of the Innovations, patents or patent applications, copyrights, or Confidential Information. There are no material determinations of any administrative body or court, no pending proceedings in any administrative body or court, nor any agreements that limit our ability to license to you the copyrights. We do not know of any patent or copyright infringement that could materially affect you.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the Confidential Information and/or use other information and/or rights in their place. If we decide to modify or discontinue use of the Innovations for any reason, you must do so also, at your expense.

During the term of the Franchise Agreement, you must maintain, to the extent collected, a current list of the names, home addresses, work addresses, e-mail addresses, property addresses, transaction data, and telephone numbers of the clients who supply you this information as well as the properties that you list, or for which you engage in a transaction (the "Client List"). You must provide the Client List to us upon request. The Client List will be our property at all times, and you must not disclose the Client List to any person or entity other than us, or sell the Client List (or any portion of it) to any person or entity without our express written consent.

You and each of your principals, officers, managers, Associates, and employees having access to the Confidential Information will be bound by certain provisions protecting our proprietary rights.

You must also ensure that we have access to your real estate listings, including those of your Associates. These listings will be licensed to us for our use and promotion, including for use on THE OCEANAIRE REALTY website and other Online Presences.

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

The business must be directly supervised and managed by a "Brokerage Operations Manager," identified to us and approved by us, who has undergone our training program and who holds a real estate broker license in the state where your Business is operated. You, if you are an individual, or one of your owners, if you are an entity, must be the Brokerage Operations Manager for at least the first year of operations. After one year of operations, you may engage a different Brokerage Operations Manager that we approve. The Brokerage Operations Manager must execute a confidentiality and non-competition agreement.

All personnel you employ or all Associates you contract with in connection with the operation of your THE OCEANAIRE REALTY Business must maintain standards of professionalism and demeanor as may be established by us. The people you retain to work in your Business will be your agents and employees or independent contractors. They are not our agents, employees, or

independent contractors and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the persons you employ and Associates you contract with to operate the Business and must determine whom to hire or contract with, how many people to hire or contract with, retain, and train, and how you will compensate such persons. You are responsible for your employees' and Associates' training, commission splits, compensation, taxes, benefits, safety, schedules, work condition, assignments, discipline, and termination. You must comply with all applicable employment laws. We will not operate your Business, direct your employees or Associates, or oversee your employment policies or practices.

You must keep THE OCEANAIRE REALTY Business open to the public during the hours we designate in the Confidential Operations Manual.

You, if the franchisee is an individual, or the shareholders, officers, directors, partners, and members, if the franchisee is a legal entity, and all such persons' spouses, must sign our form of non-competition and non-disclosure agreements, as well as personal guarantees of performance in which they will guarantee the performance of the Business's obligations to us. All of your employees, Associates, contractors, or agents who have access to our Confidential Information must sign non-disclosure agreements in the form we require.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Under the Franchise Agreement, you must offer and sell all products and services required by us, as periodically revised by us in our sole discretion. This also prohibits you from offering any other services and products, as periodically revised, without first obtaining our written permission. We impose these requirements to control the quality and uniformity of the services and goods you and other franchisees may offer through use of our trade name and trademarks. We have the right to add and delete items from the list of approved services and products. There are no limits on our right to make these changes. We reserve the right to charge you a fine up to \$1,000 per occurrence if you sell unapproved services or products or fail to follow our system standards.

A THE OCEANAIRE REALTY franchise relates to the operation of a single Business at a single Office. You agree not to sell or provide any goods or services through another office, telemarketing, computer marketing, internet sales, mobile applications, mail order catalogs, or any other such system without our prior approval. Although there are few restrictions on the location of the buyers and sellers you may serve from your Business, as a practical matter, you will be limited to serving buyers and sellers who choose the Business. You must service only clients who are located in the state in which the Office is located. Your jurisdiction's licensing laws may restrict this area. Other franchisees may represent clients or clients with properties near your Business.

The Business is not to be operated as a title, mortgage, escrow, appraisal, home inspection, real estate investment, insurance, real estate development, lead management, or real estate software or technology related business. You may not offer, endorse, or promote such products and services without obtaining our prior written approval.

You will be obligated to offer and sell those new services and to participate in all local, regional and promotional program initiatives and campaigns adopted by us in which we require you to participate. There is no limit on the number of promotions you may be required to offer during a

year or on the amount you would be required to spend. You will not receive any credits or offsets for campaign participation. We have the right to designate which of our franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products and services or to participate in those programs, initiatives and campaigns.

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 AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement § 2(a)	Initial term is 10 years from the date that you sign your Franchise Agreement.
b. Renewal or extension of the term	Franchise Agreement § 2(b)	One (1) renewal term of 5 years provided you remain a franchisee in good standing.
c. Requirements for franchisee to renew or extend	Franchise Agreement § 2(b)	You provide us timely notice of your intent to renew; you are in compliance with the Franchise Agreement; you are current on all payments to us; you execute the then-current form of Franchise Agreement; pay us a renewal fee of 10% of the then-current initial franchise fee; execute a release of claims; refurbish the business as we require; and present evidence that you can retain possession of your office premises.
d. Termination by franchisee	Franchise Agreement §§ 2(c) and 17(e)	If we violate a material provision of the Franchise Agreement and fail to cure within 90 days of receiving notice from you, you may terminate with 30 days' notice.
e. Termination by franchisor without cause	N.A.	We cannot terminate without cause.

PROVISION	SECTION IN AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Franchise Agreement §§ 17(a), 17(b), and 17(c)	Section 17(a) deals with automatic termination. Section 17(b) describes causes for termination without an opportunity to cure. Section 17(c) describes causes for termination for default and an opportunity to cure. A default under any Franchise Agreement will be a default under agreements with us. The laws of your state may provide additional rights to you concerning termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
g. “Cause” defined—defaults which can be cured	Franchise Agreement § 17(c)	Non-compliance; failure to construct, remodel, or open the business timely; failure to pay; unauthorized transfers; unsafe operations; misuse of the System or Marks; maintain false records or submits false reports; underreporting; violation of industry codes of ethics or other unethical conduct; failure to maintain good credit rating; opening an unauthorized office or location; unauthorized supplier use or failure to use required suppliers; offering certain non-brokerage excluded services without permission; failure to have licensed brokerage operations manager at all times; failure to participate in the MLS or failure to make listing content available to us; repeated client complaints.

PROVISION	SECTION IN AGREEMENT	SUMMARY
h. “Cause” defined non-curable defaults	Franchise Agreement §§ 17(a) and 17(b)	Bankruptcy, insolvency, receivership, or the like; abandoning the business; loss of the right to do business; unauthorized transfer; criminal conduct; failure to transfer within 9 months of the death of an owner; twice within 12 months or 3 times within 3 years you receive a notice of default; failure to comply with covenants; material misrepresentations and breach of warranty; knowingly maintaining false books and records or submitting false records; actions that materially impair the value or goodwill of the Marks, chain, or System; dishonest conduct; loss of required license; loss or suspension of broker license or other real estate credential; discipline by a real estate commission or organization; liability for discrimination; abusive acts or other unlawful activities; use of unapproved trademarks; commencing operations without franchisor approval; committing the same default within 6 months. A provision in the Franchise Agreement that terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, U. S. Code Section 101.
i. Franchisee’s obligations on termination/ non-renewal	Franchise Agreement §§ 11(h), 14, 15, and 18	Cease to operate; cease to use confidential information; cease to use the Marks; return our property and provide access to certain accounts and systems; cancel any assumed names; pay amounts due to us; pay subsequent amounts due to us; cooperate with our rights to assume certain names, accounts, listings, etc.; assign an the lease or grant a lease to us for the premises; cooperate with our purchase rights; advise relevant parties that you are no longer affiliated with the brand; permit us to communicate with the Associates; pay us liquidated damages.
j. Assignment of contract by franchisor	Franchise Agreement § 3(a)	We may freely assign our rights and duties under the Franchise Agreement.
k. “Transfer” by franchisee -definition	Franchise Agreement § 13(b) - (g)	A transfer can be an issuance, sale, assignment, gift, pledge, mortgage or other encumbrance, transfer, merger, consolidation, and ownership and structural change in franchisee.

PROVISION	SECTION IN AGREEMENT	SUMMARY
l. Franchisor's approval of transfer by franchisee	Franchise Agreement § 13(c)(i)	Except in limited situations, we must approve the transfer.
m. Conditions for Franchisor's approval of transfer	Franchise Agreement § 13(d)	You are in compliance with the Franchise Agreement, sign a release of claims;, acknowledge continuing obligations, pay a transfer fee (75% or 50% of then-current initial franchise fee depending on if the transferee is part of the franchise system already), and refurbish the business as we require. The transferee must execute the then-current version of the Franchise Agreement, complete training, meet our criteria for franchisees, and provide all necessary document.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement § 13(c)	45 days. We may assign it to another. We may substitute value for cash.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: § 13(c), § 18(i) and (k)	We have an option to purchase your Business and its assets upon termination or expiration of the Franchise Agreement. You must also assign to us certain assets like the lease, phone number, or other directory listings and Online Presence accounts to us without compensation.
p. Franchisee's death or disability	Franchise Agreement § 13(h)	If an individual franchisee or an owner dies or is incapacitated, you must transfer the business to an approved party within six months. During the interim, the business must be operated by an approved Brokerage Operations Manager.
q. Non-competition covenants during the term of the franchise	Franchise Agreement § 14(a)	You must not own or otherwise engage in any business that sells or provides real estate brokerage services. You will be required to get your Brokerage Operations Manager and owners to agree to follow this same non-competition covenant.
r. Non-competition covenants after the franchise is terminated/ expires	Franchise Agreement § 14(b)	You must not own or otherwise engage in any business that sells or provides real estate brokerage services within 40 miles of the Office. You will be required to get your Brokerage Operations Manager and owners to agree to follow this same non-competition covenant.

PROVISION	SECTION IN AGREEMENT	SUMMARY
s. Modification of the agreement	Franchise Agreement § 23(e)	We reserve the right to amend the Franchise Agreement if a change we propose is agreed to by 70% of the then-current franchisees. Otherwise, no modifications to the Franchise Agreement other than in writing.
t. Integration/ merger clause	Franchise Agreement § 23(c)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement § 21(a) and (b)	Except for certain claims, all disputes not first settled informally or by mediation must be arbitrated in Raleigh, North Carolina, under rules of the American Arbitration Association.
v. Choice of forum	Franchise Agreement §§ 21(a), 21(b) and 21 (i)	CPR Center for Alternative Dispute Resolution; AAA, Raleigh, North Carolina; North Carolina courts (if any), which provision is subject to the subjectivity of individual state laws.
w. Choice of law	Franchise Agreement § 21(i)	North Carolina law, except federal Lanham Act and federal Arbitration Act, which choice of law is subject to the subjectivity of individual state laws.

Refer to the state law addendums in Exhibit D for information specific to the laws of your state.

ITEM 18. PUBLIC FIGURES

We use no public figures to promote the franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the 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.

This financial performance representation discloses the results of our affiliate that operates two offices in North Carolina. The coastal Holly Ridge office opened in May 2018 and the urban Raleigh office opened in September 2017. The affiliate-owned and operated THE OCEANAIRE

REALTY businesses included in this financial performance representation are substantially similar to THE OCEANAIRE REALTY businesses for which we are offering franchises in this disclosure document, and their services and products are the same as those to be offered and sold by franchised THE OCEANAIRE REALTY businesses.

The following table sets forth the Gross Commissions and Net Gross Commission Income for the affiliate owned units during the following periods: July 1, 2019 to June 30, 2020; July 1, 2020 to June 30, 2021; and July 1, 2021 to June 30, 2022.

Gross Commissions for the Affiliate Offices

Location 1	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
Gross Commissions	\$621,648	\$1,406,824	\$1,784,000

Location 2	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
Gross Commissions	\$320,819	\$714,545	\$1,216,173

For purposes of these tables, “Gross Commissions” means all revenue and payments, however, characterized, generated, earned, derived, or received in connection with the sale, lease, exchange, auction, management, of real estate by the affiliate’s office, including but not limited to referral commissions and fees, before (1) deducting any of the costs, expenses, or disbursements and (2) before such revenue and payments are split between the business and the Associates.

Please note our affiliate does not pay certain franchise costs. You must consider the franchise costs under the terms of your Franchise Agreement. You will pay us a Royalty equal to 5.5% of Gross Commissions subject to minimums beginning in year 3 of operations (\$1,225 per week in year 3; \$2,220 per week in year 4; and \$2,575 per week in year 5 and thereafter). You will pay us a Brand Fund contribution currently equal to 0.5% of Gross Commissions. We have the right to raise the Brand Fund contribution to 1.5% of Gross Commissions. You are also required to spend at least \$500 per month per Associate on local advertising and marketing.

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

Some outlets sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Doug Yopp, in writing at THE OCEANAIRE BRAND, LLC, 1417 Millstone Landing Drive Raleigh, NC 27603, 919-608-2760, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table 1¹
Systemwide Outlet Summary
For years 2020-2022

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company Owned	2020	2	2	0
	2021	2	2	0
	2022	2	2	0
Total Outlets	2020	2	2	0
	2021	2	2	0
	2022	2	2	0

Note 1: All numbers in Item 20 are as of our fiscal year end, which is June 30.

Table 2
Transfers from Franchisees to New Owners (Other than the Franchisor)
For years 2020-2022

STATE	YEAR	NUMBER OF TRANSFERS
North Carolina	2020	0
	2021	0
	2022	0
Totals	2020	0
	2021	0
	2022	0

Table 3
Status of Franchised Outlets
For years 2020-2022

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERM- INATIONS	NON- RENEWALS	OUTLETS REACQUIRED BY FRANCHISOR	CEASED OPERATIONS— OTHER REASONS	OUTLETS AT END OF THE YEAR
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For years 2020-2022

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLET S AT END OF THE YEAR
North Carolina	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Totals	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

Table 5
Projected Openings as of June 30, 2022
For Year July 1, 2022 to June 30, 2022

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS	PROJECTED NEW COMPANY- OWNED
Florida	0	1	0
South Carolina	0	1	0
TOTALS	0	2	0

Among the attached Exhibits you will find:

Exhibit B-1 BUSINESS DIRECTORY/Listing of Current Franchisees lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of July 1, 2022.

Exhibit B-2 LISTING OF CERTAIN PAST FRANCHISEES lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this FDD.

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

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

Within the past three years, we have not signed any confidentiality agreements with our franchisees limiting their communication with you.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C is our audited financial statements for the period ended June 30, 2022. Because we have not been franchising for 3 years or more, we do not have 3 years of audited financial statements. Our fiscal year ends June 30.

ITEM 22. CONTRACTS

A copy of the following contracts or documents are also attached as Exhibits hereto:

Exhibit A THE OCEANAIRE REALTY FRANCHISE AGREEMENT with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Listing Assignment), Attachment 4 (Personal Guaranty), and Attachment 5 (Nondisclosure and Noncompetition Agreement)

Exhibit F Sample General Release Agreement

Exhibit G ACH Transfer Agreement

Exhibit H Sample First Addendum to Renewal Franchise Agreement

Exhibit I Sample Agreement and Conditional Consent to Transfer

ITEM 23. RECEIPT

You will find copies of a detachable receipt in Exhibit M at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us for our files.

EXHIBIT A
FRANCHISE AGREEMENT

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**THE OCEANAIRE BRAND, LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into as of _____ by and between THE OCEANAIRE BRAND, LLC, a North Carolina limited liability company (“Franchisor”), and _____, a _____, (“Franchisee”). If the Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners, shareholders, partners, and members (each an “Owner”).

RECITALS:

A. Franchisor has expended time, money and effort to develop a unique system for operating a real estate brokerage that provides clients with the guidance and knowledge they need to make decisions comfortably and confidently regarding the purchase or sale of their real property (The methods, know how, experience and form of operation acquired, devised and/or established by Franchisor are referred to herein as the “System”; the chain of current and future THE OCEANAIRE REALTY businesses are referred to herein as the “Chain.”)

B. The distinguishing characteristics of the System include the name “THE OCEANAIRE REALTY”; methods of serving clients; distinctive design, décor, color scheme, furnishings, hardware and software programs, standards, specifications, procedures for operations, training and assistance, and advertising and promotional programs all of which may be improved, amended and further developed by Franchisor from time to time.

C. Franchisor has the right to identify its goods and services with certain service marks, trade names and trademarks, including, but not limited to, the “THE OCEANAIRE REALTY” trademark as well as certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System (“Marks”).

D. Franchisee desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a real estate business at the single location Franchisor approves (“Business”), and Franchisee desires to use the Marks, System, and other benefits derived from this franchise relationship strictly in accordance with the provisions set forth below.

NOW, THEREFORE, in consideration of the recitals and the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Grant.

Franchisor hereby grants to Franchisee, on the terms and conditions contained in this Agreement, and Franchisee accepts from Franchisor, a license (“License”) to establish, own, and operate under the System, a Business from a single office that Franchisor approves (“Approved Location”). The Approved Location is specified in the Franchise Rider (“Franchise Rider”) attached hereto as Attachment 1. Franchisee agrees to identify the Business and all of the items Franchisee offers and sells and services Franchisee offers and provides only by the Marks.

Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Pursuant to this grant, Franchisee, at its own expense, shall construct, upfit, or remodel, and equip, staff, open and operate the Business at the Approved Location, in accordance with this Agreement. Unless otherwise agreed in a writing executed by Franchisor, Franchisee shall commence operating the Business within six (6) months after the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Term stated herein. Failure to timely open the Business shall constitute an event of default under the Agreement.

Franchisor and Franchisor's affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement.

2. Term, Expiration, and Additional License Period.

(a) **Initial Term.** The initial term of this Agreement shall commence upon the execution of this Agreement, and shall expire at midnight on the day preceding the tenth (10th) annual anniversary date of the execution of this Agreement (the "Term" or the "Initial Term"), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

(b) **Additional License Period.** Upon expiration of the Initial Term, Franchisee will have the right to be granted a renewal of the License for one (1) additional consecutive period of five (5) years from the date of expiration of the Initial Term (the "Renewal Term"), provided the following conditions have been met:

(i) **Notice.** Franchisee has given Franchisor written notice of its intent to renew the License not less than six (6) months nor more than nine (9) months prior to the expiration of the Initial Term; provided that if Franchisor has not received notice from Franchisee of its desire to renew within such period, Franchisor will notify Franchisee in writing and Franchisee shall have a period of ten (10) days from the date notice is given to provide Franchisor with notice of its intent to renew;

(ii) **Compliance.** Franchisee is not in default of any of the provisions of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Section 2(b) and at the commencement of the Renewal Term;

(iii) **Debts Current.** All debts and obligations of Franchisee under this Agreement shall be current, including but not limited to Franchisee's obligations to make contributions to the Brand Fund (as defined herein) and each Cooperative (as defined herein) of which Franchisee is a member;

(iv) **Notices of Default.** Franchisee has not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term;

(v) **Renewal Agreement.** Franchisee, its Owners, and its guarantors execute and deliver to Franchisor, within thirty (30) days after delivery to Franchisee, the then-current form of THE OCEANAIRE REALTY franchise agreement and Franchisor's other then-current ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms, conditions, obligations, rights, and other provisions of which may be substantially and materially different from those spelled out in this Agreement (including for example, different performance standards, fee structures, increased fees, and/or reduced territory protections) (collectively, the "Renewal Agreement");

(vi) **Renewal Fee.** Franchisee has paid to Franchisor a renewal fee equal to Ten Percent (10%) of the then-current initial franchise fee, which renewal fee shall be due in immediately available funds upon the execution of the Renewal Agreement;

(vii) **Release.** Franchisee and its Owners and guarantors execute and deliver to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that each may have against Franchisor and its affiliates and subsidiaries, and their respective members, shareholders, officers, directors, owners and employees in both their corporate and individual capacities;

(viii) **Refurbishing.** Franchisee shall make or provide for in a manner satisfactory to Franchisor, such renovation and re-equipping of the Business as Franchisor may require, including, without limitation, renovation or replacement of signs, equipment, tools, furnishings, technology, Computer Systems (as defined below), fixtures and decor, to reflect the then-current standards and image of the System; and

(ix) **Retain Possession.** Franchisee presents satisfactory evidence that Franchisee has the right to remain in possession of the Approved Location for the duration of the Renewal Term, unless Franchisor determines that the location of Franchisee's business is no longer viable for the operation of Franchisee's Business, in which case Franchisor may condition Franchisee's right to renew on Franchisee's obtaining a new site for Franchisee's Business that Franchisor approves.

(c) **Failure to Act.** If Franchisee fails to perform any of the acts set forth in subsections (i) through (ix) of Section 2(b) in a timely fashion, such failure will be deemed an election by Franchisee not to exercise its right to renew, and will cause Franchisee's right to renew to expire without further notice or action by Franchisor.

(d) **Expiration.** Renewal of the License after the Initial Term shall not constitute a renewal or extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term, be governed by the Renewal Agreement. If Franchisee fails to meet any of the conditions under Section 2(b) with respect to renewal of the License, then the License shall automatically expire at the end of the Initial Term.

(e) **Continued Operation Following Expiration.** Unless Franchisee exercises its option to renew the License granted under this agreement in accordance with this Section, Franchisee has no right to continue to operate the Business after the expiration date. If Franchisor permits Franchisee to continue to operate the Business after the expiration date, but before the execution by Franchisee of a Renewal Agreement for a new term as required by Section 2(b)

above, then the temporary continuation of the Business will be on a month-to-month basis, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If Franchisor allows Franchisee to continue to operate the Business on a month-to-month basis after termination or expiration of this Agreement, then Franchisee must pay to Franchisor weekly an additional fee equal to the greater of One Thousand Dollars (\$1,000) or One Hundred Fifty Percent (150%) of the Royalty due for the same week for every week of month-to-month operation after the expiration date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Royalty, Brand Fund contributions, and any other payments due to Franchisor under this Agreement. If applicable law requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by such laws.

3. Required Franchise Fees and Payments.

(a) **Initial Franchise Fee and Royalties.** In consideration of Franchisor's execution of this Agreement and the services that Franchisor will perform, Franchisee agrees to pay to Franchisor, in the manner and in the place as Franchisor may from time to time designate, the following fees on the due dates specified below or as otherwise designated by Franchisor (each a "Due Date"):

(i) **Initial Franchise Fee.** An initial franchise fee in the amount set forth on Attachment 1 hereto ("Initial Franchise Fee") for the initial grant of the License and Franchisor's associated pre-opening obligations. The Initial Franchise Fee shall primarily compensate Franchisor for Franchisor's pre-opening obligations under this Agreement. The parties recognize the value of the Initial Franchise Fee approximates the market value of the pre-opening services. The Initial Franchise Fee shall be deemed earned upon receipt and shall be due upon execution of this Agreement.

(ii) **Royalty.** In further consideration of the grant of the License and in consideration of Franchisor's ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a monthly continuing royalty fee (the "Royalty"), as set forth on Attachment 1 attached hereto. The Royalty is due and payable each week during the Term on the Due Date Franchisor specifies for revenue Franchisee accrued in the immediately preceding week, or on such other Due Date as Franchisor designates with thirty (30) days' advanced written notice to Franchisee.

(iii) **Technology Fee.** Franchisor reserves the right to require Franchisee to pay Franchisor's then-current technology fee for the development and maintenance of technologies for use in the Business ("Technology Fee"). Franchisor has the right to increase the Technology Fee with thirty (30) days' notice to Franchisee based on supplier pricing increases, modification to or upgrades of the technology used in the System, and introduction of new technology; provided, however that the Technology Fee shall not exceed Two Hundred Dollars (\$200) per month. Franchisee shall pay the Technology Fee on the Due Date designated by Franchisor.

(iv) **Supplier Fees.** If Franchisor or any of its affiliates is the designated supplier for any required product or service for the Business, Franchisee shall pay Franchisor's or its affiliate's then-current rates for such products or services.

(v) **Shared Fees.** Franchisor reserves the right to have suppliers bill it or an affiliate for goods and services that benefit the system of THE OCEANAIRE REALTY franchisees. Franchisee agrees to pay Franchisor its pro rata share of these goods and services costs and fees.

(vi) **Software Fees.** If Franchisor or its affiliate becomes the provider of software to the Business, Franchisor may charge Franchisee up to One Thousand Dollars (\$1,000) per year for an ongoing license fee and a one-time start up fee of up to Two Thousand Five Hundred Dollars (\$2,500).

(vii) **Interest.** If Franchisee fails to pay the full amount of the Royalty or any other fee due to Franchisor or its affiliate on the Due Date, or Franchisee has insufficient funds to cover the electronic transfer when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of one and one-half percent (1.5%) or the maximum interest rate allowed by law. The Royalty is due for all transactions and sales contracts entered into before the date of expiration, termination, or non-renewal of this Agreement for any reason.

(b) **Account.** On each Due Date, Franchisor may transfer from Franchisee's bank operating account ("Account") the fees set forth above, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. If a transfer from Franchisee's Account is refused, an administrative fee of Two Hundred and Fifty Dollars (\$250) may be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Commissions (defined in Attachment 1) to Franchisor for any fiscal period, Franchisor may transfer from the Account an amount calculated in accordance with Franchisor's estimate of the Gross Commissions during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Commissions, or underpaid the Royalty or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the report submission procedure outlined above to obtain Gross Commissions data derived directly from electronic communication with any Computer System designated by Franchisor. Franchisor may require Franchisee to remit payment of the Royalty and other fees by electronic funds transfer ("EFT"). In connection with payment of the Royalty by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Confidential Operations Manual; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty and other amounts payable under this Agreement, including any interest charges; (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the Royalties and all other fees as outlined in this

Section 3, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the effective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance. Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth.

(c) **Application of Funds.** If Franchisee is delinquent in the payment of any obligation to Franchisor, its subsidiaries, affiliates or designees, then Franchisor (or such subsidiaries, affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application.

(d) **Inflation Adjustments.** Franchisor and its affiliates reserve the right to increase the amount of any fee provided for hereunder, including, without limitation, the Royalty or Brand Fund payments, due Franchisor or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

(e) **No Offset or Retention of Funds.** Franchisee may not offset or withhold payments owed to Franchisor or any of its affiliates for amounts purportedly due to Franchisee as a result of any dispute of any nature or otherwise but will pay such amounts to Franchisor or its affiliates and only thereafter seek reimbursement.

4. Franchisor Services.

(a) **Franchisor Services.** During the Term, Franchisor agrees to provide to Franchisee the following services:

(i) **Design Specifications.** Franchisor shall provide Franchisee with specifications for the design of the Business.

(ii) **Specifications and Approved Suppliers.** To the extent Franchisor has specifications, approved suppliers, or designated suppliers, Franchisor shall provide Franchisee with specifications and/or a list of required or approved suppliers for the required or recommended goods or services (including furniture, equipment, fixtures, supplies, and Computer Systems) to be used in connection with the Business; provided that Franchisor reserves the right to amend and/or modify such specifications or supplier lists at any time.

(iii) **Additional Specifications and Standards.** To the extent Franchisor has standards and specifications for them, Franchisor shall provide Franchisee with standards and specifications for all services to be provided at the Business, and, if relevant, goods

and merchandise to be sold, as well as other products and materials used in connection with the operation of the Business.

(iv) **Pre-Opening Training.** Franchisor shall provide Franchisee with a pre-opening training program for the Brokerage Operations Manager (as defined in Section 11(b)), and such other persons as Franchisor may reasonably designate, and such other training for Associates, independent contractors or employees of Franchisee at the locations and for such periods as may be designated by Franchisor from time to time; provided that Franchisee shall be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and compensation.

(v) **Additional Training.** In Franchisor's sole discretion and/or at the request of Franchisee, Franchisor may offer additional or supplemental training. Franchisee shall be responsible for all expenses incurred by such persons in connection with additional or supplemental training, including, without limitation, all cost of travel, lodging, meals and wages. Franchisor reserves the right to charge an additional fee and to require attendance at additional trainings.

(vi) **Advice.** At Franchisee's reasonable request, Franchisor will promptly provide such advice and information as it considers reasonably appropriate to assist Franchisee with all methods and procedures associated with the System, including marketing and advertising, management and administration, the use of the System or any changes to it, and the use and application of products and services. Franchisee understands and agrees that such advice and information may be rendered by phone, electronically, through the Confidential Operations Manual, training and/or by such other means as Franchisor deems appropriate in its sole discretion. Franchisor may, in its discretion, convene meetings of franchisees as it considers necessary or appropriate, in its discretion. If Franchisee requests advice, information, or assistance at a level greater than what is provided to other franchisees, Franchisor reserves the right to charge Franchisee its then-current training fee.

(vii) **Information.** Franchisor shall communicate to Franchisee information relating to the operation of a THE OCEANAIRE REALTY Business, and to the extent necessary or pertinent to the operation of the Business, Franchisor's know-how, new developments, techniques and improvements in the areas of Business management, Associate training, marketing and service.

(b) **Legal Expenses.** Franchisor may in certain situations incur legal expenses while providing assistance to Franchisee. Such assistance may be at the request of Franchisee or required by Franchisor and may be provided by Franchisor in-house or by outside counsel; provided however, that Franchisor shall have the sole discretion as to whether or not to provide legal assistance. In the event Franchisor does incur legal expenses on behalf of Franchisee, Franchisee shall reimburse Franchisor for such expenses immediately upon notice from Franchisor. Franchisor may, at its option, be reimbursed by EFT.

(c) **Acknowledgement.** FRANCHISEE AGREES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO FRANCHISEE'S

PARTICULAR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF FRANCHISOR'S EXPERIENCE, KNOWLEDGE AND JUDGMENT. FRANCHISEE ALSO ACKNOWLEDGES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY SERVICES TO FRANCHISEE THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF FRANCHISEE BELIEVES FRANCHISOR HAS FAILED TO ADEQUATELY PROVIDE ANY PRE-OPENING SERVICES TO FRANCHISEE OR TO FRANCHISEE'S EMPLOYEES AND ASSOCIATES, FRANCHISEE MUST NOTIFY FRANCHISOR IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF FRANCHISEE'S BUSINESS OR FRANCHISEE WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ALL PRE-OPENING AND OPENING SERVICES REQUIRED TO BE PROVIDED BY FRANCHISOR WERE SUFFICIENT AND SATISFACTORY IN FRANCHISEE'S JUDGMENT, AND COMPLIANT WITH ALL REPRESENTATIONS MADE TO FRANCHISEE. IF FRANCHISEE FAILS TO SO NOTIFY FRANCHISOR, FRANCHISEE WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM FRANCHISOR'S OBLIGATIONS TO PROVIDE PRE-OPENING ASSISTANCE.

5. Territorial Provisions.

(a) **No Territory.** Franchisee shall operate a THE OCEANAIRE REALTY Business at the Approved Location identified and agreed upon in the Franchise Rider or in the Site Selection Approval Letter (as defined in the Franchise Rider). Franchisee expressly acknowledges and agrees that absolutely no proprietary or territorial rights or protections are given to Franchisee by this Agreement. Franchisor shall have the right to locate other franchises and offices anywhere Franchisor determines without interfering rights of Franchisee. Franchisee hereby acknowledges that other THE OCEANAIRE REALTY Businesses may solicit or represent clients with properties that are near Franchisee's Approved Location. Except for the laws that apply to any real estate licenses Franchisor or its affiliates' may have, there are no limitations preventing Franchisor or its affiliates from soliciting and accepting clients, providing real estate brokerage services, or accepting listings anywhere in the world, including in the area where Franchisee operates the Business. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales. Franchisee recognizes and acknowledges that (i) it will compete with other THE OCEANAIRE REALTY Businesses which are now, or which may in the future be, located near Franchisee's Approved Location and (ii) that such Businesses may be owned by Franchisor, its affiliates, and/or third parties.

(b) **Limitations on Operations.** Franchisee, its Associates, and Brokerage Operations Manager cannot solicit or represent clients outside of the state in which the Approved Location is located and must comply with any further limitations imposed by the laws of the jurisdiction where the Business operates. Notwithstanding the foregoing, Franchisee shall have the right to advertise its business anywhere in the United States; subject to any limitations imposed by the laws of the jurisdiction where the Business operates

(c) **Reservation of Rights.** Franchisor grants franchises and the rights to develop and operate THE OCEANAIRE REALTY franchised businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to Franchisee in this Agreement are specifically reserved to Franchisor, and Franchisor will not be restricted in any manner from exercising them nor will Franchisor be required to compensate Franchisee should Franchisor exercise them. This includes the right, directly or through others and regardless of either (a)

proximity to Franchisee's Approved Location or (b) any actual or threatened impact on sales of Franchisee's business to:

(i) use the Marks and System in connection with establishing and operating THE OCEANAIRE REALTY offices at any location;

(ii) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise and products) or services anywhere in the world, whether or not Franchisee also offers them, through any channel of distribution (including, for example, retail locations, kiosks, catalogs, mail order, or the internet, e-commerce, or other electronic means) and including goods and services related to the real estate industry (such as mortgage, appraisal, inspection, escrow, property management, insurance, home warranties, software, technologies, and communications systems);

(iii) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world;

(iv) use and license others to use the Marks in connection with soliciting, serving, or directing advertising or promotional materials to clients anywhere in the world and provide products and real estate brokerage services to clients anywhere in the world; and

(v) use the Marks or other marks to directly, or through Franchisor's affiliates or a third party, offer, sell, and provide goods and services other than those that Franchisee is authorized to offer, sell, and provide under the then-current System, through any channel of distribution.

(d) **Alternate Channels of Distribution.** Franchisee may operate THE OCEANAIRE REALTY Business only from the Approved Location and through THE OCEANAIRE REALTY Business, except as Franchisor otherwise approves in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Confidential Operations Manual. Franchisee may not offer or sell products through any other means or locations.

(e) **No Right of First Refusal or Options.** Franchisee has no right of first refusal or other options or rights to open any additional THE OCEANAIRE REALTY businesses, offices, or locations.

6. Premises.

Within six (6) months after execution of this Agreement, Franchisee shall acquire or lease, at Franchisee's expense, commercial real estate that is properly zoned for the operation of the Business. Failure by Franchisee to acquire or lease a site for the Business within the time required herein shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement pursuant to the terms of Section 17 of this Agreement. Franchisee is responsible for constructing, renovating or up fitting or causing to be constructed, renovated, or upfitted, the Business. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A SITE FOR FRANCHISEE'S BUSINESS IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT

THE BUSINESS WILL BE PROFITABLE. "Premises" shall mean the premises at the Approved Location where the Business is operated and is subject to the following

(a) **Leased Premises.** If Franchisee intends to lease the Premises, Franchisee shall submit to Franchisor executed copies of all such leases immediately after execution and at such other times as Franchisor may request. Franchisee shall obtain Franchisor's approval of the lease. The term of the leases plus all options for Franchisee to renew shall together equal or exceed the Term. All leases pertaining to the Premises shall also include an Addendum in the form of Attachment 2 attached hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 2 which Franchisor has approved in writing. Franchisor shall not represent Franchisee in a legal capacity and advises Franchisee to seek independent legal counsel in the review and negotiation of its lease agreement. If Franchisor does not approve of a site proposed by Franchisee within thirty (30) days after receiving the proposal thereof, such site shall be deemed disapproved by Franchisor and Franchisee shall not locate its Business at such site.

(b) **Owned Premises.** If Franchisee intends to own the Premises, Franchisee must obtain approval of the Premises from Franchisor, which approval may be withheld at Franchisor's discretion, and shall furnish Franchisor proof of ownership prior to the date Franchisee commences any construction, build-out or remodeling of the Premises. Franchisee may not operate from a home office. In the event that Franchisee proposes to lease the Premises from any Owner, manager, director, officer or other principal of Franchisee, or from any person or entity related to or affiliated with Franchisee or one or more of Franchisee's Owners, managers, directors, officers, or other principals (the "Related Party"), Franchisor may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by Franchisor. Franchisee shall also execute a written lease agreement approved by Franchisor with the Related Party and deliver a copy to Franchisor. The terms of any such lease must comply with the terms set forth in Section 6(a).

(c) **Premises Identification.** Regardless of whether the Premises are owned or leased and subject to Franchisor's further instructions upon expiration, non-renewal, or termination of this Agreement, Franchisee shall remove all signs and other items and indicia which serve, directly or indirectly, to identify the Premises as a THE OCEANAIRE REALTY Business within ten (10) days of the expiration, non-renewal, or termination of this Agreement. In the event Franchisee does not comply with this requirement, Franchisor may enter the Premises, without being guilty of trespass and without incurring any liability to Franchisee, to remove all signs and other items identifying the Premises as a THE OCEANAIRE REALTY Business and to make such other modifications as are reasonably necessary to protect the Marks and THE OCEANAIRE REALTY System and to distinguish the Premises from THE OCEANAIRE REALTY businesses. Provided, however, that this obligation of Franchisee shall be conditioned upon Franchisor giving Franchisee prior written notice of the modifications to be made and the items to be removed.

(d) **Suitability of Premises.** Regardless of whether the Premises are owned or leased, it shall be the responsibility of Franchisee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Franchisee shall obtain all permits and licenses that may be required to construct, remodel and operate the Business. Franchisee agrees that the Premises will not be used for any purpose other than the operation of the Business in compliance with this Agreement.

(e) **Relocation.** Franchisee shall not, without first obtaining Franchisor's written consent, which is subject to the Franchisor's sole discretion: (i) relocate the Business; or (ii) renew or materially alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises. If Franchisee obtains Franchisor's consent to relocate the Premises during the Term of this Agreement, Franchisee shall pay Franchisor a fee equal to Twenty Percent (20%) of the then-current initial franchise fee.

(f) **Construction.** If construction is necessary to modify the Premises to fit Franchisor's specifications and requirements, Franchisee is solely responsible for the construction of the Premises and the Business. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Franchisee shall maintain continuous construction of the Business and Premises until completion. It is Franchisee's sole responsibility to make sure that the design and construction of the Business and the Premises are in compliance with all applicable laws including without limitation, the Americans with Disabilities Act. Franchisee shall indemnify and hold Franchisor harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Business fail in any way to comply with any applicable laws, including, without the limitation, the Americans with Disabilities Act. Franchisee agrees that it will construct or remodel the Premises at the Approved Location in accordance with Franchisor's approved specifications and standards. Franchisee shall purchase or lease the equipment for displays, fixtures, and furnishings that Franchisor designates. Franchisee will complete construction in accordance with the plans and specifications for the Business which have been approved in advance by Franchisor and will not deviate, except as Franchisee is required to do so to comply with all applicable laws, from such plans and specifications without the prior written consent of Franchisor. Franchisee shall make no changes to any building plan, design, layout or decor, or any equipment or signage except as necessary to comply with applicable law without the prior written consent of Franchisor, and shall maintain the interior and exterior decor in such manner as may be prescribed from time to time by Franchisor. Franchisee acknowledges the specifications and standards of Franchisor may exceed the requirements of applicable law.

(g) **Signs.** Franchisee shall prominently display, at its own expense, both on the interior and exterior of the Premises of any Business advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Franchisee will be responsible for ordering any required signage, including an exterior sign for the Business, from an approved vendor at Franchisee's expense. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon the Premises any sign or advertising of any kind to which Franchisor objects.

(h) **Remodeling and Re-equipping.** Franchisor reserves the right to require Franchisee to generally refurbish the Business and/or the Premises at Franchisee's expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for THE OCEANAIRE REALTY franchises, which include, without limitation, structural changes, installation of new materials, and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; or purchasing more efficient or improved equipment and instruments. Franchisor

may require Franchisee to perform remodeling and to purchase equipment at such times as Franchisor, in its sole discretion, deems necessary and reasonable. Franchisee must maintain its inventory of signs and other products that bear the Marks in good condition and comply with the standards for them in the Confidential Operations Manual. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT. In the event of Franchisee's delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Section, Franchisor or its agents may enter the Premises, without further notice and without liability for trespass or other tort and with Franchisee's complete cooperation, and remove, repair, and/or replace, at Franchisee's expense, any items which do not conform to Franchisor's then-current standards and specifications or which are not in conformity with Franchisee's obligation to maintain the Business and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that Franchisor may have in law or in equity, Franchisee shall reimburse Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by Franchisor pursuant to this Section, plus an administrative fee of Fifteen Percent (15%) of the total aggregate amount of expenses incurred by Franchisor.

(i) **Inspections.** Franchisee hereby grants Franchisor and its agents the right to enter the Premises (defined below) and/or the Business at any time prior to occupancy by the Franchisee in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, designs, purchased and installed equipment, operations and the performance of any and all services by Franchisee and/or Franchisee's Associates, employees, invitees or agents. Franchisee shall cooperate with Franchisor's representatives during those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Franchisor to contact and interview any architect, designer, vendor, contractor, subcontractor or Franchisee employee or Associate. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee, at its sole expense, shall take such steps as deemed to be necessary by Franchisor to immediately correct any and all deficiencies detected during any such inspection, including without limitation, correcting construction deficiencies or defects, replacing equipment and supplies, and requiring Franchisee to desist from the further use of any equipment, designs, advertising materials, products, and/or supplies that do not conform with Franchisor's then-current plans and specifications, standards or requirements.

7. Proprietary System and Marks.

(a) **Ownership; Use by Others.** Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others to use the Marks, in addition to those licenses already granted to existing franchisees and affiliates; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and (d) to sell and distribute products, merchandise, accessories and other items via alternate distribution channels bearing the Marks. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor and its affiliates and their counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor and its affiliates in

acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Franchisor. Franchisee shall give notice to Franchisor of any knowledge that Franchisee acquires regarding the use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Franchisee involving the System or any of the Marks. Franchisee shall cooperate with Franchisor and its affiliates in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's and its affiliates' rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Franchisor or its affiliates' and Franchisee shall not be entitled to or make any claim for all or any part of it. Franchisor shall not be required to indemnify Franchisee against or reimburse Franchisee for any loss or damages arising out of Franchisee's use or misuse of any Mark or Franchisor's copyrights, patents, Client Lists, or indicia.

(b) Use of Marks. During the term of this Agreement or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Business at the Approved Location specified herein, and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs, business cards, stationery, promotional and advertising materials, website and internet communications, real estate documents, merchandise, equipment, tools, and other supplies and packaging materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Business that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not attempt to register or otherwise obtain any interest in any Online Presence containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the license granted by this Agreement.

(c) Designation as Franchisee. Franchisee shall take such additional action as may be necessary under the laws of the state in which the Business is operated to make clear to the public that Franchisee is an independent franchisee of Franchisor and not owned by Franchisor. Franchisee shall post in a conspicuous location at the Premises, as well as on invoices, purchase orders, real estate sale documents, listing agreements, business cards, stationery, marketing materials and the like used by Franchisee or Franchisee's employees, independent contractors, and Associates that "This THE OCEANAIRE REALTY Franchise is independently owned and operated by [Franchisee's entity name] under license from THE OCEANAIRE BRAND, LLC."

(d) Discontinuance of Use: Additional Marks. Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Business, and the products and services sold or offered for sale through the Business, if Franchisor, in its sole

discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

(e) **Changes in Law Affecting Marks.** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and thing as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

(f) **Copyrights and Patents.** Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights relating to the System or THE OCEANAIRE REALTY concept, including, but not limited to, the Confidential Operations Manual, electronic code, software, equipment plans and specifications, and marketing materials, belong solely and exclusively to Franchisor. Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future patents relating to the System or THE OCEANAIRE REALTY concept belong solely and exclusively to Franchisor. Franchisee has no interest in Franchisor's copyrights or patents beyond the nonexclusive License granted in this Agreement.

(g) **Ideas and Innovations.** All concepts, designs, inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, techniques, materials, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee or any of its Owners, guarantors, directors, officers, or employees may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Term that relate in any way, either directly or indirectly, to the Business and/or the System (collectively referred to as "Inventions and Ideas"), either in whole or in part during the Term, shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. To the extent any Inventions or Ideas does not qualify as a "work for hire" for Franchisor, Franchisee or any of its Owners, guarantors, directors, officers, or employees hereby assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas. Franchisor may incorporate such Inventions or Ideas into the System. As Franchisor may reasonably request, Franchisee shall, at Franchisor's expense, take all actions reasonably necessary to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

(h) **Client and Other Data.** Franchisee shall maintain a current list of the names, home addresses, work addresses, transactional information, real properties purchased, sold, or rented, e-

mail addresses and telephone numbers of the clients, prospective clients, and past clients who have provided such information to the Business (the "Client List"). Franchisee shall provide the Client List to Franchisor upon request. The Client List shall be the property of Franchisor and Franchisor shall have the right to use the Client List for any purposes, in Franchisor's sole discretion. Franchisee shall not disclose such information to any person or entity other than Franchisor, delete such information, or sell such list(s) or any portions thereof to any person or entity without the express written consent of Franchisor. Likewise, other data collected by Franchisee or Franchisee's information technology system (Client List and the other data collectively referred to herein as "Franchisee Data") is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchisee Data to Franchisor at any time that Franchisor requests it. Franchisor hereby grants Franchisee a limited license to use Franchisee Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that Franchisor establishes periodically and applicable law. Upon termination or expiration of this Agreement for any reason, Franchisor shall be the exclusive owner of Franchisee Data, and Franchisee shall not use or disclose Franchisee Data in any form or manner. Franchisee shall not be due any compensation based upon Franchisor use of the Franchisee Data. Franchisee may not sell, transfer, or use Franchisee Data for any purpose other than marketing THE OCEANAIRE REALTY products and services. Franchisor has the right to use Franchisee Data for business purposes. Franchisor has the right, on termination, expiration, or non-renewal of this Agreement, to use Franchisee Data and to make Franchisee Data available to other franchisees or prospective franchisees as Franchisor deems appropriate.

(i) **Franchisee's Further Obligations.** Franchisee shall be responsible for ensuring that Franchisee's Associates, independent contractors, and employees use the Marks and System in compliance with this Agreement.

8. Advertising.

(a) **Brand Fund.** Recognizing the value of advertising and the importance of the standardization of advertising to the furtherance of the goodwill and public image of the System, Franchisor and Franchisee agree as follows:

(i) **Contribution Amount.** Each week during the Term for which a brand development fund ("Brand Fund") has been established, Franchisee shall contribute to the Brand Fund an amount which shall not exceed One and One Half Percent (1.5%) of Gross Commissions, and which is currently One Half Percent (0.5%). Franchisor has the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by any franchisee. Franchisee shall make its contribution to the Brand Fund on the date and in the manner as Franchisor may designate from time to time.

(ii) **Use.** Franchisor has the sole discretion to determine how and where the Brand Fund contributions are spent to promote, enhance, or further the growth of the System, the businesses, and the brand. Uses of the Brand Fund include but are not limited to research; promotional marketing, public relationships and advertising expenses; developing new sources of franchisee revenue; hiring marketing, public relations, and advertising agencies, technology companies, or in-house personnel to assist in developing THE OCEANAIRE REALTY brand name; developing, evaluating, or using technologies that Franchisor believes may benefit the brand, the clients, the franchisees, or the brand's

reputation; expenses associated with listings in online directories, digital marketing content, influencer marketing, direct mail, email, radio, billboard, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, digital, or social media content, including but not limited to advertisements, coupons, and promotional materials (including point of purchase materials); technology development and enhancements for the brand; expenses incurred in developing and maintaining non-franchise sales portions of any Online Presence; developing and maintaining one or more Online Presence; expenses incurred in using search engine optimization, pay per click advertising, or other digital marketing software, services or companies to help promote the brand; developing and making available property listing services; listing distribution arrangements; real estate listing enhancement costs and subsidies; transaction system improvements; brand extension development and marketing; and for any other use Franchisor determines. Sums paid by Franchisee shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and promotion and advertising programs for franchisees, THE OCEANAIRE REALTY brand, and the System, including, among other things, the cost of personnel for creating and implementing programs paid for by the Brand Fund.

(iii) **Administration.** The Brand Fund is not and shall not be an asset of Franchisor or its designee. The Brand Fund is administered by Franchisor's accounting and marketing personnel under Franchisor's direction. The Brand Fund is not audited. Unless required by state law, Franchisor has no obligation to provide Franchisee with an accounting. At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's Brand Fund contributions and Franchisee agrees, upon Franchisor's request, to tender Brand Fund payments to said entity. Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus. Franchisee acknowledges that other franchisees may not be required to contribute to the Brand Fund or may be required to contribute at a different rate. Franchisor is not obligated to maintain the Brand Fund contributions or income earned in a separate account from other Franchisor funds.

(iv) **Non-Variable Payment Option.** For administrative convenience and at Franchisor's option, in lieu of collecting the Brand Fund percentage designated in Section 8(a)(i), Franchisor, at its option, may designate an amount certain as a weekly payment, which will be drafted instead of the variable amount. Franchisor will use commercially reasonable efforts to have the amount certain reasonably relate to the anticipated annual Brand Fund contribution which would otherwise be due if the exact percentage were calculated. Upon delivery by thirty (30) days' prior written notice by Franchisee to Franchisor, Franchisee can thereafter elect to abandon the sum certain contribution in lieu of the Brand Fund contribution percentage designated in Section 8(a)(i).

(v) **No Proportionality.** Franchisee agrees and acknowledges that Franchisor does not undertake any obligation to ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by franchisees operating in such geographic area or that Franchisee or the Business will benefit directly or in proportion to its contribution to the Brand Fund.

(vi) **Liability.** Neither Franchisor and its affiliates nor any of their respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the Brand Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct. THE BRAND FUND IS NOT A TRUST FUND. FRANCHISOR SHALL HAVE NO FIDUCIARY DUTY TO FRANCHISEE IN CONNECTION WITH THE COLLECTION OR USE OF THE BRAND FUND MONIES OR ANY ASPECT OF THE OPERATION OF THE BRAND FUND. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE BRAND FUND OR ANY ADVERTISING PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE BRAND FUND OR ANY MARKETING, BRANDING, OR ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

(b) **Local Advertising Requirement.** Franchisor shall have the right to require Franchisee to spend up to Five Hundred Dollars (\$500) per Associate per month ("Minimum Local Advertising Spend") on local advertising in accordance with Franchisor's standards as set forth in the Confidential Operations Manual. Franchisee shall submit verification of its local advertising expenditures at such times and in such form as may be requested by Franchisor from time to time. In the event that Franchisee fails to meet the Minimum Local Advertising Spend and/or fails to provide Franchisor with verification thereof, Franchisee shall pay to the Brand Fund Franchisee's Minimum Local Advertising Spend, less the amount Franchisee actually paid for local advertising. Franchisor has the right to require Franchisee to use the Minimum Local Advertising Spend to pay for specific advertising services, from suppliers approved by Franchisor. Franchisor may require Franchisee to remit the Minimum Local Advertising Spend to the Franchisor or its affiliates in exchange for local advertising services the Franchisor or its affiliate will provide to Franchisee. All local advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(e).

(c) **Local Cooperative Advertising.** Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Business is located for the purpose of establishing an advertising cooperative (the "Cooperative"). If a Cooperative has been established applicable to the Business at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Business is established at any later time during the Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Business be required to contribute to more than one Cooperative. The following provisions shall apply to each Cooperative:

(i) Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.

(ii) Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.

(iii) No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Section 8(e).

(iv) Each cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative.

(v) Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designated from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time.

(vi) Notwithstanding the foregoing, Franchisor, in its sole discretion, may, upon written request of a franchisee stating reasons supporting such request, grant to any franchisee an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one or more Businesses owned by such franchisee. If an exemption is granted to a franchisee, such franchisee may be required to expend on local advertising the full amount that would otherwise be payable to the Cooperative. Franchisor, in its sole discretion, may also exempt one or more Businesses owned or controlled by Franchisor or its affiliate from the requirement of membership in a Cooperative for such periods as Franchisor deems appropriate.

(vii) The Cooperative is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of any Cooperative.

(d) **Supplemental Advertising.** Franchisee shall have the right to conduct, at its separate expense, supplemental advertising in addition to the expenditures specified in this Section 8. All such supplemental advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(e).

(e) **Approval by Franchisor.** Any and all advertising and promotional materials Franchisee and its Associates use must be approved by the Franchisor. Prior to their use by the Cooperative or by Franchisee and its Associates, all advertising and promotional materials not prepared or previously approved by Franchisor within the ninety (90) day period preceding their intended use shall be submitted to Franchisor for approval. If approval is not received within twenty (20) days from the date of receipt by Franchisor of such materials, the materials shall be

deemed disapproved by Franchisor. Franchisor may disapprove of any advertising or promotional materials at any time. Neither the Cooperative nor Franchisee and its Associates shall use any disapproved advertising or promotional materials regardless of whether any such items had been previously approved by Franchisor. Any advertisement used by Franchisee and its Associates shall be presented in a professional and dignified manner, be completely accurate and truthful, and conform to all applicable laws and regulations relating to consumer and real estate advertising.

(f) Franchisor Advertising. Franchisor may, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor may, from time to time, provide to Franchisee such approved advertising and promotional plans and marketing as Franchisor deems advisable. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor. Franchisor shall have the right to include promotion of available franchises in all marketing and advertising materials, including, but not limited to, signage in Business, Online Presences, print media, and TV or radio spots.

(g) Ownership of Advertising. Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing program produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the Brand Fund. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

(h) Online Presence and Email Address. Franchisee will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to the Franchisor, the System or the Franchisee's Business without Franchisor's written consent, which Franchisor is not obligated to provide. An "Online Presence" includes (1) a website, other webpages, URLs, or domain names, (2) accounts, pages, or profiles on social media sites, social networking sites, news sites and groups, online, internet, or digital directories, video, photography, audio, and messaging services, blogs, or forums, (3) e-commerce sites or accounts, (4) digital or online advertising and marketing content and services, (5) mobile applications, (6) virtual reality platforms, (7) identifiers of an Online Presence, or (8) a presence on any other type of online, internet, or digital tool, good, or service that may be developed. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless specifically approved by the Franchisor, which approval Franchisor is not obligated to provide. Franchisee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to an Online Presence relating to the Franchisor, the System, the Marks, or the Business that (a) does not comply with the Franchisor's then-current brand, social media, or Online Presence guidelines described in the Confidential Operations Manual, (b) is

derogatory, disparaging, or critical of the Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone else to establish any links to any Online Presence which Franchisor may create. Franchisee specifically acknowledges and agrees that any Online Presence will be deemed “advertising” under this Agreement, and will be subject to (among other things) Franchisor’s approval under this Agreement. Franchisor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. Franchisor shall not be liable for downtime that may occur to any such Online Presence or email address, whether such downtime is caused by Franchisor or a third-party. Franchisor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Franchisor for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in Franchisor. Franchisor shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the Businesses, with such webpage(s) or Online Presence to be located within Franchisor’s website or another Online Presence. Franchisee shall comply with Franchisor’s policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence and email addresses; and Franchisor shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence. Franchisee shall not establish a separate website or Online Presence or business email address, without Franchisor’s prior written approval (which Franchisor shall not be obligated to provide). If approved to establish an Online Presence or email address, Franchisee shall comply with Franchisor’s policies, standards and specifications with respect to the creation, maintenance and content of any such Online Presence or email address. Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any Online Presence or email address of Franchisee, except as permitted by Franchisor’s then-current policies. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor’s prior written consent as to Franchisee’s plan for transmitting such advertisements. For any Online Presence (and all URLs and other identifiers related to any Online Presence) or email address Franchisee is approved to create or use, Franchisor reserves the right, at its sole option and discretion, to have the Online Presence directly owned by Franchisor or to require any such Online Presence or email address be transferred to Franchisor upon the termination, expiration, or non-renewal of this Agreement for any reason. Franchisor has the right to require that any Online Presence or email address Franchisee is permitted to create, use, or maintain be registered in Franchisor’s name. Upon request, Franchisee must provide Franchisor with any login credentials for any Online Presence or email address Franchisee is authorized to create, use, or maintain. Franchisor has the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of Franchisor’s policies and Franchisor may take ownership of any Online Presence upon expiration, non-renewal, transfer, or termination of this Agreement and operate it in Franchisor’s sole discretion. Franchisee agrees that the electronic commerce and marketing remains a rapidly developing field and that the provisions of this Section 8(h) may need to be modified in the future or that guidelines on use of the internet may be introduced in the Confidential Operations Manual. In the event that Franchisor makes such modifications or issues such guidelines, Franchisee agrees that they shall be legally binding on Franchisee to the extent permitted by applicable law.

(i) **Scope of Advertising.** Franchisee shall not advertise the Business and its services and the services of Associates outside of the geographic area where Associates can personally and directly provide real estate services.

9. Telephone Number.

Franchisee shall establish a local telephone number for the Business. Franchisee shall keep Franchisor notified as to the current telephone number for the Business. In no event shall Franchisee use such number for any other business. Franchisee further covenants that in the event it obtains any additional or substitute telephone service or telephone number at the Business, it will promptly notify Franchisor and such additional or substitute number shall be subject to the terms of this Section 9.

10. Brokerage Operations.

(a) **Brokerage Operations Manager.** Franchisee shall designate an individual to serve as the “Brokerage Operations Manager” for the Business. The Brokerage Operations Manager shall meet the following qualifications:

(i) **Management Responsibility.** The Brokerage Operations Manager shall devote full time and best efforts to the supervision and conduct of the development and operation of the Business in order to ensure compliance with this Agreement and to maintain Franchisor’s high standards. Management responsibility shall include, without limitation, maintaining the highest standards of service and professionalism, ensuring compliance with laws, rules, and regulations impacting real estate transactions and real estate agents and brokers, and supervising employees and Associates to ensure that the highest standard of service is provided and to ensure that Franchisee’s employees and Associates deal with clients, suppliers, Franchisor, and all other persons in a courteous, professional, and polite manner.

(ii) **Qualifications.** The Brokerage Operations Manager shall be approved by Franchisor and shall complete Franchisor’s initial training requirements to Franchisor’s satisfaction and shall participate in and complete to Franchisor’s satisfaction all additional training as may be reasonably required by Franchisor. The Brokerage Operations Manager shall agree in writing to be bound by non-compete and confidentiality provisions substantially similar to those contained in Sections 14 and 15 of this Agreement. The Brokerage Operations Manager shall be fully licensed in the state where the Business is located as a real estate broker. Franchisee shall not operate without Brokerage Operations Manager who meets the qualifications of this Section 10(a)(ii). An Owner shall be the Brokerage Operations Manager for at least the first year of operations of the Business.

(iii) **Change.** If at any time for any reason the Brokerage Operations Manager no longer qualifies to act as such, Franchisee shall promptly designate another Brokerage Operations Manager subject to the same qualifications set forth in this Section 10. The Franchisor shall receive advanced written notice of any change in the Brokerage Operations Manager. Franchisee shall not operate without Brokerage Operations Manager who meets the qualifications of this Section 10(a).

(b) **Associates.** “Associates” shall mean the real estate brokers affiliated with the Business in any capacity who possess a real estate broker license that is valid in the jurisdiction where the Business operates. Franchisee is solely responsible for hiring or contracting with qualified Associates. To be qualified an Associate must have a license to be a real estate “broker” as that term is defined under the laws of the jurisdiction of the Business. Another real estate credential that is not a full broker license is not sufficient. Associates must follow Franchisor’s standards and requirements for real estate services contained in the Confidential Operations Manual. Franchisee acknowledges that the Associates have no direct or independent right or License to the use the Marks, but rather than their use of the Marks comes under and is subject to this Agreement. Franchisee shall ensure that its Associates under this Agreement do so only in the name of the Business, a manner consistent with all applicable limitations set forth in this Agreement. Associates must sign an independent contractor agreement with Franchisee. Franchisee is responsible for ensuring that the independent contractor agreement complies with applicable laws, rules and regulations in Franchisee’s jurisdiction. Unless otherwise designated by Franchisor, on or before the fifteenth (15th) of every month, Franchisee shall report the identity of each Associate as of the date that Franchisee completes the report. Franchisor reserves the right to require Associates to complete Franchisor’s designated training to Franchisor’s satisfaction. Franchisor may require you to report detailed information on revenues generated by Associates, from time to time. Franchisee shall train its Associates in accordance with the procedures set forth in the Confidential Operations Manual or as otherwise stated by Franchisor in writing. Franchisee shall not authorize or permit real estate licensees who are not affiliated with the Business to appear with or be listed under the Business name or the name of any Associate or the Marks.

(c) **Required Membership.** Franchisee or its Brokerage Operations Manager shall join and remain a member in good standing and comply with by the laws and rules and regulations of the National Association of REALTORS® and the state and local real estate organizations having jurisdiction over the Business. Franchisee, the Brokerage Operations Manager, and Associates will abide by the Code of Ethics of the National Association of REALTORS®.

(d) **Property Listings.** Franchisee agrees that unless instructed otherwise by the client, Franchisee will give any authority, consent or instructions required, and otherwise use Franchisee’s best efforts, to ensure that all of Franchisee’s Business real estate listings, including those of Associates (the “Property Listings”), are made available to Franchisor and its affiliates, and that, unless instructed otherwise by the client, neither Franchisee nor Associates will decline, or opt out of, any opportunity to have a Property Listing provided or forwarded to Franchisor. Franchisee hereby grants to Franchisor and Franchisor’s affiliates a non-exclusive, irrevocable, perpetual, worldwide, royalty-free license to use, sublicense through multiple levels, copy, publish, display, and reproduce the Listing Content (defined below) contained in the Property Listings, to prepare derivative works of the Listing Content, and to distribute the Listing Content or any derivative works thereof. “Listing Content” means all data and content, including without limitation, all photographs, images, graphics, video recordings, virtual tours, drawings, written descriptions, remarks, narratives, and pricing information with respect to a Property Listing. Such license shall be deemed granted as of the moment of creation without the necessity of any further action on the part of either party and shall apply whether Franchisee or Associates provide such Listing Content directly to Franchisor or if Franchisor obtains Listing Content via another source. Franchisee shall provide Franchisor with access to the Listing Content all times and provide specific information from the Listing content upon Franchisor’s requests. Without limiting the generality of this Section, but subject to any choice Franchisor may provide to opt out of the

provision of Property Listings to third parties, Franchisee acknowledges and agrees that Franchisor may use and license, or otherwise grant rights in or to any or all of the Property Listings provided or forwarded Franchisor, including any and all Listing Content, on Franchisor or its affiliates' websites, applications and technologies and to any third party for any lawful purpose reasonably deemed appropriate by Franchisor, including but not limited to promoting Property Listings through third party sites, applications and technologies or providing Franchisee with opportunities to do the same, but that Franchisor is not obligated to use the Listing Content. Franchisee represents and warrants with respect to the Listing Content for each of Property Listings that the Listing Content, and the license of rights in and to the Listing Content to Franchisor and its affiliates, do not infringe or violate any copyrights, trade secrets, or other intellectual or proprietary rights of any third party. Franchisee represents and warrants that all information included in the Listing Content is accurate and not misleading, to the best of Franchisee's and Associates' knowledge, after reasonable efforts to verify its accuracy. Franchisee agrees to indemnify and hold Franchisor and its affiliates, service providers, and franchisees, harmless against all damages, costs, and liabilities, including reasonable attorney fees, arising from any claim that the Listing Content or any portion of the Listing Content is false or misleading or infringes the rights of any third party.

(e) **Multiple Listing Services.** Franchisee, its Brokerage Operations Manager, and Associates, shall join the multiple listing services covering the Approved Location of the Business. If permitted by the laws and rules of the multiple listing services they have joined, Franchisee will provide Franchisor access to the multiple listing services in which Franchisee, its Brokerage Operations Manager, and Associates are a member, including through Computer Systems as required. Franchisee will cooperate with Franchisor and promptly execute any documents that are necessary to provide Franchisor with access to the multiple listing services and to be able to provide internet data exchange search capability on any Online Presence or other product or service that requires an internet data exchange feed. Franchisee acknowledges and agrees that Franchisee is solely responsible for all compliance of Franchisee's multiple listing service data. Franchisee acknowledge and agrees that multiple listing services vary in the amount and timing of fees charged for their services and it is Franchisee's responsibility to investigate the nature of such fees and to pay for them, including fees for internet data exchange search functions and feeds. Franchisee shall comply with all laws and National Association of REALTORS® guidelines regarding the use of multiple listing services and internet data exchange feeds.

(f) **Endorsement.** Franchisee shall not, and shall not permit its Associates to, offer, provide, sell, endorse, or promote products, services, or businesses unless such products, service, or business are offered by THE OCEANAIRE REALTY System or unless Franchisee obtains express authorization by Franchisor to do so.

(g) **Referral Policies.** Franchisee and its Associates shall comply with Franchisor's standards, procedures, and policies regarding referrals, including but not limited to referrals from Franchisor or its affiliates, referrals to or from other franchisees, referrals to other service providers who are not part of THE OCEANAIRE REALTY franchise network, and inviting or soliciting referrals to the Business.

(h) **Commercial Real Estate Services.** Franchisee shall be permitted to offer commercial real estate brokerage services but at all times must actively offer residential real estate services. If the laws of Franchisee's jurisdiction require additional qualifications or licenses to offer commercial real estate brokerage services, Franchisee shall comply with them.

11. Operations Generally, Standards of Quality, Inspections.

(a) **Compliance with Franchisor's Standards.** Franchisee shall operate the Business through strict adherence to Franchisor's standards, specifications and policies as they now exist, and as they may from time to time be modified. Such standards and policies include, without limitation: (i) specifications related to products, real estate services, listings, client contracts and representation, merchandise, products, and services; (ii) hours of operation as set forth in the Confidential Operations Manual; and (iii) use of specified emblems and Marks on internet communications, equipment, tools, signs, and other items. Franchisee agrees to follow the instructions of Franchisor as well as Franchisor's employees, agents, and/or Franchisor's area directors or developers.

(b) **Training.** It will be solely Franchisee's responsibility to ensure that all new employees, independent contractors, or Associates and current employees, independent contractors, and Associates are trained to perform their duties in a proper manner at the Business and Franchisee shall implement and maintain a training program, at Franchisee's expense, pursuant to all specifications, standards and procedures prescribed by Franchisor. Franchisee shall ensure that all employees and Associates have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees and Associates must satisfy all continuing educational training requirements as may be specified by applicable laws and regulations. In the event that Franchisee is unable to, or fails to, provide the training required by this Section, Franchisor may train Franchisee's employees or Associates at Franchisor's then-current training rates, and Franchisee shall reimburse Franchisor for all expenses, including reimbursement for mileage at the then-current IRS reimbursement rate, living and travel expenses incurred by Franchisor as a result of such training. Training by Franchisor will be at reasonable times and subject to availability of Franchisor's representatives. In the event that Franchisor provides training to Franchisee's employees or Associates upon Franchisee's request, Franchisee hereby releases, indemnifies and holds harmless Franchisor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees and Associates as set forth herein. Franchisor will offer Franchisee additional training at Franchisor's then-current training rate. Franchisor reserves the right to change the additional training fee at any time. Franchisee is solely responsible for Franchisee's and its employees' or independent contractors' expenses during any additional training. Franchisor reserves the right to assess a training fee or attendance fee for any conferences, conventions, or other training Franchisor or its approved suppliers provide.

(c) **Compliance with Specifications and Procedures.** Franchisee acknowledges that the Confidential Operations Manual is designed to protect Franchisor's Marks, brand image, goodwill, and standards and systems, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all mandatory standards, specifications and procedures contained in the Confidential Operations Manual, as amended from time to time. Franchisee is responsible for ensuring compliance with the Confidential Operations Manual by Franchisee's Associates, employees, and independent contractors for the protection of THE OCEANAIRE REALTY brand and System.

(d) **Franchisee Control.** Franchisee acknowledges that it is responsible for the day-to-day operation of its Business, including the manner in which Franchisee obtains listings and sells properties, the commission rates charged by the Business, commission splits negotiated between Franchisee and Associates, security and safety issues associated with the design and conduct of the Business, hiring of employees, affiliation with Associates, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing Franchisee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Confidential Operations Manual. Franchisor's ability to approve certain matters, to inspect the Business and its operations and to enforce its rights exists only to the extent necessary to protect its interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Any education, support, advice, or resources Franchisor provides to Franchisee in connection with the Business is solely for the purpose of protecting the Marks and goodwill associated with the System and assisting Franchisee in the operation of the Business, and not for the purpose of controlling in or in any way exercising control over Franchisee's decisions or the day-to-day operation of the Business.

(e) **Employment Matters.** Franchisee's employees, Associates, and independent contractors are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. All Associates, employees, agents, or independent contractors hired or engaged by or working for Franchisee shall be Franchisee's Associates, employees, agents, or independent contractors only, and shall not for any purpose be deemed employee, agents, or independent contractors of Franchisor nor subject to Franchisor's control or right of control. However, Franchisee agrees that Franchisor has the right and that Franchisee must permit Franchisor, to communicate directly with Franchisee's Associates concerning any matter that Franchisor deems necessary or appropriate relating to the System or your Business, without incurring any liability to Franchisee. Franchisee is solely responsible for performing all administrative functions at the Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, housing or transportation for Franchisee's Associates, independent contractors, or employees or provide to Franchisee's Associates, independent contractors, or employees tools or materials required for Franchisee's Associates, independent contractors, or employees to perform services for Franchisee. Franchisee shall comply with all employment laws and regulations.

(f) **Employer Acknowledgment.** Franchisee shall obtain from each of its Associates, employees and independent contractors an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee or independent contractor of Franchisee and not Franchisor and (ii) he or she shall look solely to Franchisee, and not to Franchisor or its affiliates, agents, or employees, for his or her compensation and for all other employment matters.

(g) **Evidence of Relationship.** Franchisee shall hold itself out to the public as an independent contractor by, without limitation: (i) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, real estate contracts, contracts, receipts, marketing materials, envelopes,

letterhead, business cards, employment applications, and other employment documents, invoices and other communications, electronic or otherwise; and (ii) displaying a sign in the Business so as to be clearly visible to the general public indicating that the Business is independently owned and operated as a franchised business.

(h) **Confidential Operations Manual.** Franchisor will provide Franchisee with one (1) or more manuals, policy and procedure statements, or other written notice of standards and specifications which shall contain (i) the mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Franchisor and (ii) information relative to other obligations of Franchisee hereunder and the operation of the Business (collectively the “Confidential Operations Manual”). For purposes of this Agreement “Confidential Operations Manual” also includes separate manuals and alternative or supplemental communications of the Franchisor such as by bulletins, emails, video, audio, and other electronic or print methods. The Confidential Operations Manual shall at all times remain the sole property of Franchisor and shall promptly be returned to Franchisor upon the expiration, non-renewal, or other termination of this Agreement. Franchisor may, from time to time, revise the contents of the Confidential Operations Manual. To the extent that Franchisor shall deem it necessary or appropriate, Franchisor will provide Franchisee with policy and procedure statements or other written notice of specifications standards and procedures, policies, and other standards and specifications contained in the Confidential Operations Manual, policy and procedure statements and other written notices as issued from time to time by Franchisor. Franchisee acknowledges and agrees that all information in the Confidential Operations Manual, policy and procedure statements and other notices constitute confidential information and trade secrets, and shall not be disclosed at any time by Franchisee. Franchisee shall not copy, disclose, duplicate, record or otherwise reproduce, in whole or in part, for whatever reason, the Confidential Operations Manual or any other communication or information provided by Franchisor. Franchisor shall have the right to modify the policies and procedures of the Confidential Operations Manual at any time, which modifications shall be binding upon Franchisee.

(i) **Variations in Standards.** Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary standards within the Business or any other Business in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of Franchisee’s market area, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such Business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee.

(j) **Franchisee Developments.** Franchisor shall have the right to use and incorporate into the System for the benefit of other franchisees and Franchisor any modifications, ideas or improvements, in whole or in part, developed or discovered by Franchisee or Franchisee’s Associates, employees, independent contractors, or agents, without any liability or obligation to Franchisee or the developer thereof.

(k) **Compliance with Laws.** Franchisee shall at all times during the Term comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and

all taxes, assessments, fines and penalties arising out of the operation of the Business, including state and federal unemployment taxes and sales taxes. Franchisee shall comply with all real estate licensing laws, Fair Housing Laws, Real Estate Settlement Procedures Act, as well as laws regarding solicitation and referrals.

(I) Courtesy, Cooperation, Fair Dealing and Ethical Business Practices. In all dealings with clients, other real estate professionals, suppliers, Franchisor and others, Franchisee will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee's Brokerage Operations Manager and affiliated Associates shall follow the Code of Ethics for the National Association of REALTORS®. At all times and under all circumstances, Franchisee and its employees and Associates shall treat all clients and other persons, including Franchisor's agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Franchisor and its agents, officers, and employees in all aspects of the franchise relationship. Franchisee will operate Franchisee's business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. Franchisee will not engage in any illegal discriminatory practices. Franchisor makes no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with Franchisee's establishment or operation of Franchisee's business. Franchisee is solely responsible for determining what licenses, permits, authorizations or otherwise are required and to obtain them, all at Franchisee's expense. Franchisee will refrain from any practice which may injure the goodwill associated with the Marks. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which relates to, or which may affect the operation or financial condition of, Franchisee, Franchisee's business and/or the Marks. Franchisee hereby authorizes any federal, state or local body regulating or supervising real estate practices to release to Franchisor information about complaints and disciplinary actions related to Franchisee's or its Associates', independent contractors', or employees' your practices. Franchisee shall notify Franchisor within five (5) business days of any such complaints or disciplinary actions. Franchisee must promptly respond to all complaints received from its clients or other individuals in an attempt to resolve any disputes in a reasonable business manner. In connection with any consumer complaints that Franchisor receives from Franchisee's clients regarding the Business, Franchisee shall cooperate and respond to any inquiry from Franchisor and provide Franchisor with all information reasonably related to any such complaints. Franchisee shall not make or publish any statement or advertisement which would reasonably be expected to demean the image, value, identity, reputation or goodwill associated with the Marks. This covenant is independent of and will survive any termination, expiration, non-renewal, or transfer of the Agreement.

Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed

(the Annex is currently available at <http://www.treasury.gov>). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 19(b) of this Agreement pertain to Franchisee's obligations hereunder.

(m) Business Relations. Franchisee shall at all times operate the Business in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize Franchisee's relationship with suppliers or clients, Franchisor's good reputation, or the good reputation of Franchisor's other franchisees. Franchisee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisee, Franchisor, the Business, the Marks, the services and/or products sold at the Business, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

(n) Crisis Situations. Franchisee shall notify Franchisor immediately upon the occurrence of any situation that may have a material impact on Franchisee, Franchisor, the Business, or which could have a deleterious effect on THE OCEANAIRE REALTY brand, Marks or System (a "Crisis"). Franchisee shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by Franchisor or as specified in the Confidential Operations Manual, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters. A Crisis includes any event that occurs at or about the Business or in connection with the Business that has or may cause harm or injury to clients, Associates, independent contractors, or employees, and their property. Examples include, but are not limited to, injuries to clients, Associates, independent contractors or employees, contagious diseases, natural disasters, terrorist acts, shootings, cyber-attacks, or any other circumstance which may damage the System, Marks, or image or reputation of the Business, the System or Franchisor. Franchisee will cooperate fully with Franchisor with respect to Franchisor's response to the Crisis. In the event of the occurrence of a Crisis, Franchisor may establish emergency procedures which may require Franchisee to temporarily close the Business to the public, in which event Franchisor shall not be liable to Franchisee for any loss or costs, including consequential damages or lost profits occasioned thereby.

(o) Change in Marital Status. If Franchisee or one of its Owners or guarantors has a change in marital status during the Term of this Agreement, Franchisee shall promptly inform Franchisor of that change and Franchisee agrees that any new spouse will sign Franchisor's form guaranty, non-compete, and confidentiality agreements.

(p) Books and Records; Financial Reporting.

(i) Books and Records. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Franchisee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. Franchisee shall maintain such records at the Premises,

unless otherwise authorized by Franchisor. Franchisee agrees at all times to use the chart of accounts and accounting procedures established from time to time by Franchisor.

(ii) **Submission of Performance Reports.** Franchisee shall submit to Franchisor, for review or auditing, financial statements, including a balance sheet and income statement prepared on a monthly basis, Gross Commission reports and performance reports for designated periods, and such forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Confidential Operations Manual or otherwise in writing. If Franchisee prepares and submits to Franchisor monthly profit and loss statements, Franchisor may require Franchisee to have a certified public accountant review such statements on a quarterly basis, the expense of which shall be borne entirely by Franchisee, and then submit such quarterly reviews to Franchisor. Franchisee also shall immediately notify Franchisor in writing when one or more liens or judgments are filed against Franchisee, the Business and/or any of the personal guarantors (if any) under this Agreement.

(iii) **Submission of Listing Inventory Reports.** Franchisee shall provide, within fifteen (15) days of the Effective Date, and thereafter maintain with Franchisor, a complete and current inventory of all listings, pending or otherwise, of the Business in Franchisor's required format. Franchisee shall submit to Franchisor such forms, reports, records, information, and data as Franchisor may designate, in the form and at the times and places required by Franchisor, all closed and pending transactions. Franchisee is responsible for obtaining the equipment, tools, and Computer Systems that may be necessary for reporting according to Franchisor's designated method(s). Franchisee shall use best efforts to ensure that all listing inventory and transaction information, pictures, media, and other listing content are true and accurate.

(iv) **Submission of Financial Statements and Tax Returns.** Franchisee shall submit, within sixty (60) days following the close of business of Franchisee's fiscal year, copies of a balance sheet, profit and loss statement and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Business. The statements shall include a statement of income and a balance sheet certified by Franchisee as true and correct and shall be furnished within forty-five (45) days after the end of each fiscal year of the Business. The fiscal year of the Business must coincide with the calendar year. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the term of this Agreement; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Business.

(v) **Audit of Franchisee's Records.** Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of the Business and remove copies thereof from the Premises. Franchisor shall also have the right at any time, at Franchisor's expense, to have an independent audit made of the Business books, records and accounts. If any inspection or audit reveals that an underpayment exists, Franchisee shall immediately pay to

Franchisor the amount owing to Franchisor, as determined by the inspection or audit. Upon discovery of an understatement of two percent (2%) or more, in addition to prompt payment of the underreported amount, Franchisee shall reimburse Franchisor for any and all expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in Section 3(a)(vii) of this Agreement. Such payments shall be without prejudice to any other remedies Franchisor may have under this Agreement or otherwise at law. If a discrepancy of less than two percent (2%) is revealed, Franchisor will bear the costs of the audit.

(vi) **Forms.** Franchisee will use only such forms, including, without limitation, those used in and generated by the required software, as are approved by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee will obtain all forms specified by Franchisor and/or the required software, at Franchisee's expense, from suppliers approved by Franchisor. Franchisor may maintain and make available to Franchisee all or a portion of such forms on the intranet system in addition to, or in lieu of, providing hard copies to Franchisee.

(vii) **Designated Provider.** If Franchisee fails to comply with Franchisor's accounting and reporting standards, Franchisor has the right to require Franchisee to use its designated service provider.

(q) **Inspections.** Franchisor and its agents have the right to enter the Business, with or without notice, in person or remotely via communications technology, in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, equipment and operations, and the performance of any and all services provided in and around the Business and/or the Premises to ensure compliance with all requirements of this Agreement. Franchisee will cooperate with Franchisor's representatives in those inspections by rendering whatever assistance Franchisor may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by Franchisor or Franchisor's agents and the assistance necessary to enable Franchisor to contact and interview contractors, vendors and suppliers, as well as Franchisee's clients and former clients. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct the deficiencies detected during any such inspection, including without limitation immediately correcting any problems with construction or leasehold improvements, and immediately desisting from the further use of any equipment, advertising materials, products, or materials that do not conform to Franchisor's then-current plans and specifications, the Confidential Operations Manual, or other standards or requirements, and to repair or replace anything in the Business that does not so conform. Franchisee acknowledges and agrees that any and all inspections by Franchisor and all demands made by Franchisor to correct deficiencies and conform to Franchisor's standards and specifications will not constitute a representation or warranty by Franchisor that the Business or its accounting practices comply with applicable laws, codes, ordinances, regulations or governmental standards. Upon reasonable written notification from Franchisor of a scheduled inspection, one of Franchisee's Owners must be present during such inspection.

(r) Computer System.

(i) Obligation to Obtain Computer Systems. Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer hardware and software, mobile application(s), cloud-based systems and/or software, smartphone(s), tablet, broadband high-speed internet service, cameras, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), transaction systems, client relationship management systems, point-of-sale systems, scheduling systems, and other computer-related accessories or peripheral equipment as Franchisor specifies ("Computer Systems"), for the purpose of, among other functions, recording transaction data, identifying listings, and other record keeping and central functions as well as training and promotion or compliance with system standards. Franchisor's requirements for the Computer Systems will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards. Franchisee must periodically update, as required by the Franchisor and/or the Computer Systems' manufacturers or vendors, all Computer Systems solely at the Franchisee's expense. Franchisee may be required to license proprietary Computer Systems directly from Franchisor or Franchisor's affiliates. Franchisee may be required to enter into license agreement(s) with Franchisor or other suppliers to provide all or part of the Computer Systems. Franchisor and its agents shall have the right to access all information related to the operation of the Business that is accessed or stored on the Computer Systems, whether in-person or from a remote location, without the need for Franchisee's consent, at the times and in the manner prescribed by Franchisor. Franchisee shall comply with Franchisor's instructions for granting franchisor the access. Franchisor may use data from the Computer Systems in any way it deems fit. Despite the fact that Franchisee agrees to buy, use, and maintain the Computer Systems according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which the Computer Systems interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer Systems is not properly operated, maintained, and upgraded. Franchisee may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer Systems that might hamper or interfere with the operation of the Computer Systems in the manner Franchisor requires. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any Computer System provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash." Franchisor shall have unlimited, independent access to all information and data (including the Franchisee Data) produced by or otherwise located on any of Franchisee's Computer Systems.

(ii) Connection to Franchisor's Systems. Franchisor has the right to require Franchisee to allow Franchisor to connect to Franchisee's Computer Systems. If required, Franchisee shall provide such assistance as may be required to connect its Computer Systems with Franchisor's computer or wireless system. Franchisor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee's Computer Systems, or from any third party or Franchisor-provided Computer Systems as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of Computer

Systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's Computer Systems. Franchisor shall have no liability to Franchisee as a result of Franchisor accessing or failing to access the Computer Systems. Franchisee shall provide Franchisor with all required passwords or login credentials to access the Computer Systems.

(iii) **Telephone and Connectivity.** Franchisee will secure and maintain high speed Internet connection at the Business as specified by Franchisor in the Confidential Operations Manual or otherwise. Franchisee will provide continuous telephone answering coverage by an employee whenever the Business is open for business. Franchisee will be solely responsible for the payment of all bills which result from the use and/or maintenance of the telephone lines and Internet connections at the Business and the operation of all Computer Systems.

(iv) **Data.** All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, and/or downloaded from Franchisee's system to Franchisor's system, is, and will be owned exclusively by Franchisor and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination, non-renewal, or expiration of, this Agreement for any reason. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Business pursuant to this Agreement.

(s) **Data Protection; Privacy.**

(i) **Data Protection and Security Policies.** Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in Franchisor's Confidential Operations Manual ("Data Protection and Security Policies"). Such policies may govern how Franchisee Data and Personal Information (as defined below) contained in such data shall be accessed, shared, stored, protected, disposed of, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Business. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

(ii) **Privacy Laws.** Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-

current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the “PCI-DSS”), (ii) those Security and Data Protection Policies mandated by the Confidential Operations Manual, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, “Privacy Laws”).

(iii) Marketing; Consumer Protection. Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor’s written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee’s plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”). Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(iv) Security Breach. Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisee’s storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is stored in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to Franchisee’s Associates, independent contractors, employees, and clients (collectively, “Personal Information”); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee’s or Franchisor’s computers, networks, servers, IT resources, or paper files (a “Security Breach”), Franchisee shall immediately notify the Franchisor’s President via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. “Notification and Remediation Related Costs” shall include Franchisor’s internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to clients, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., client service FAQs, talking points and training); (iv) engagement of

information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor's investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Franchisee agrees to hold harmless, defend and indemnify Franchisor and its officers, directors, agents, and employees from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee's or Franchisee's officers, directors, agents Associates, or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(v) **Inspection.** Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Premises and examine Franchisee's Computer Systems, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement or the Franchise Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

(vi) **Personal Information Requests.** Franchisee shall fully comply with Data Protection and Security Policies as they relate to requests regarding individuals' personal information, as it may be defined under international, federal, state, and local law. If requested by Franchisor, Franchisee must cooperate or coordinate with Franchisor to identify personal information Franchisee has accessed, collected, retained, or used in any way.

(vii) **Use of Personal Information.** Franchisee shall not use, disclose, retain, transfer, share, or sell Personal Information, or personal information as it may be defined under international, federal, state, and local law, unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Confidential Operations Manual, or (iv) written approval of Franchisor.

(t) **Secret Shoppers; Toll-Free Number; Etc.** Franchisor may, at its sole discretion, institute various programs for verifying client satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, client comment cards, secret shoppers, or otherwise. Franchisor will share with Franchisee the results of such programs as they pertain to Franchisee's business and Franchisee agrees to reimburse Franchisor for all costs associated with any and all such programs, which cost may be drafted by EFT at the sole discretion of Franchisor.

(u) **Franchise Advisory Council.** Franchisor may, but is not obligated to, form a Franchise Advisory Council selected by Franchisor in Franchisor's sole discretion, which shall provide Franchisor input as Franchisor may request from time to time ("FAC"). The FAC exists at Franchisor's pleasure, and Franchisor is not obligated or bound by any input provided by the FAC. The FAC will consist of franchisees in full compliance with this Agreement and/or Franchisor's representatives. Franchisor has the right to add or remove members of the FAC in Franchisor's sole discretion.

12. Goods, Services, and Suppliers.

(a) Real Estate Services.

(i) **Limited Services.** Franchisee agrees that it will use only services, products, and materials in the operation of the Business as Franchisor shall have specifically designated or approved. Franchisee agrees that it will sell only those real estate brokerage services, related services, and products that Franchisor shall have specifically designated or approved. To the extent that Franchisor has established, designated, or approved suppliers, Franchisee shall obtain all such services, products, and materials from the suppliers that Franchisor has established, designated, or approved. Franchisee agrees to sell all real estate brokerage services, related services, and products that Franchisor requires.

(ii) **Excluded Services.** Franchisee shall not offer, endorse, or promote the following goods or services without Franchisor's prior written approval: escrow, appraisal, or home inspection services; title insurance or searches; mortgage brokerage and mortgage origination; investment; lead development or management; property management; real estate development; real estate software or technology; or insurance or insurance related services or products ("Excluded Services"). Franchisor may withhold its approval for any reason. If Franchisee is approved, Franchisor reserves the right to require Franchisee (1) not to use or mention, directly, or indirectly, Franchisor's Marks or System or act in any way that causes confusion about whether the Excluded Services are operated under the Marks or the System, (2) segregate the operations of any Excluded Services from the services and business from the operation of the Business as Franchisor deems appropriate, and (3) operate in full compliance with all applicable laws, rules, and regulations.

(b) **Products, Services, and Suppliers.** Franchisee may be required to purchase from Franchisor certain products that involve trade secrets or that have been specially prepared by Franchisor or at Franchisor's direction or that Franchisor considers integral to the System. Franchisor may designate one or more designated suppliers, which may be Franchisor or an affiliate, for any services, products, materials, signs, technology, equipment, tools, or supplies used in the operation of the Business, in which event Franchisee must purchase every item exclusively from the designated supplier. Franchisor or its affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other Businesses in the System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Products and services other than those required to be obtained from Franchisor or a designated supplier may be purchased from any source provided that the particular supplier and products have been approved by Franchisor. Franchisor

may, from time to time, amend the list and this section of approved products and suppliers and Franchisee shall comply with the change within thirty (30) days of receiving notice of the change. If Franchisee requests that an alternate good, service, or supplier be considered by Franchisor, Franchisee shall reimburse Franchisor for all costs and expenses Franchisor incurs in evaluating the good, service, or supplier. Franchisor may, from time to time, amend the list of approved products and suppliers. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase goods and services at a price lower than that at which franchisees are able to purchase the same items.

(c) **System Changes.** Franchisee acknowledges that the System, the services, and products offered by the Business may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor's ability to modify the System. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these System changes.

(d) **Technology Changes.** Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

(e) **Promotional Requirements.** Franchisor has the right to require Franchisee to participate in national, regional, and local giveaways and promotions. Franchisee may be required to provide free or discounted items or other free or discounted products or services as a result of such giveaways or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these giveaways and promotions.

FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FRANCHISOR APPROVES AND FRANCHISOR EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

13. Transfer; Franchisor's Right of First Refusal.

(a) **Transfers by Franchisor.** This Agreement, and any and/or all of Franchisor's rights and/or obligations under it, are fully transferable by Franchisor in Franchisor's sole discretion and will inure to the benefit of any person or entity to whom Franchisor transfers it, or to any other legal successor to Franchisor's interest in this Agreement. If Franchisor transfers this Agreement, or any and/or all of Franchisor's rights and/or obligations under it, all past, current

and future obligations of Franchisor to Franchisee will cease and be forever extinguished. Franchisor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and will remain the same notwithstanding any such assignment. Franchisor may be sold and/or Franchisor may sell any or all of its assets to a competitive or other entity; or Franchisor may participate in an initial, or other, public offering or private placement of Franchisor's stock; may merge, acquire other entities and/or assets (competitive or not); may be acquired by a competitive or other entity; and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

(b) Transfers by Franchisee. The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the License in reliance on the business and financial capacity and other attributes of Franchisee, the personal skill, qualifications and representations of the Owners of Franchisee and in reliance upon Section 14, 15 and 23 of this Agreement. Therefore, neither Franchisee's interest, rights or privileges in the Agreement, the License, substantially all of the assets of the Business, or the Business, nor any Owner's interest in Franchisee or the Owner(s), shall be transferred in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, in any manner, except as provided in this Section 13. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee's assets to secure a loan for the construction, remodeling, equipping or operation of the Business), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary. Except as provided below, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Section 13(d).

(c) Franchisor's Right of First Refusal.

(i) Exercise of Right. If Franchisee or an Owner proposes to transfer this Agreement or its interest herein or in the Workshop, in whole or in part, Franchisee must first deliver a statement to Franchisor offering to sell to Franchisor the Franchisee's or Owner's interest in this Agreement and the land, building, equipment, furniture and fixtures and any other assets or leasehold interests used in the operation of the business. If the proposed transfer involves an offer from a third party, then Franchisee must obtain from the third-party offeror and deliver to Franchisor a statement, in writing, signed by the offeror and by Franchisee, of the binding terms of the offer. If the transfer does not involve an offer from a third party, then the purchase price for Franchisor's purchase of assets described above will be the fair market value of the assets, but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Marks and the System. If Franchisee disagrees with the value of the Workshop as determined by Franchisor, then Franchisee and Franchisor shall each hire an appraiser (or a single appraiser, if they so agree) to value the assets. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Franchisor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of

the fair market value of such consideration shall be determined by a third appraiser selected by the other two appraisers and whose decisions shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Franchisor and Franchisee will each pay one-half of the appraiser's fees and expenses. Franchisor then has forty-five (45) days from its receipt of the statement setting forth the third-party offer or the appraiser's report, as applicable (and all other information requested by Franchisor) to accept the offer by delivering written notice of acceptance to Franchisee. Franchisor will have an additional 45 days to complete the purchase if Franchisor elects to exercise its right of first refusal. Franchisor's acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to Franchisor; provided, however (and regardless of whether the following are inconsistent with the price and terms set forth in the statement) (1) Franchisor has the right to substitute equivalent cash for any noncash consideration included in the offer, (2) Franchisor will prepare the transaction documents for the Transfer, which will be on terms customary for this type of transaction (including representations and warranties, covenants, conditions, and indemnification), and (3) Franchisor's purchase may be limited to any assets related to the business.

(ii) **Approval of Transfers.** If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor's consent shall not be unreasonably withheld as provided in Section 13(d). If Franchisor approves the transfer in writing, Franchisee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee's notice to Franchisor within sixty (60) days after the expiration of Franchisor's right of first refusal. If the transfer is not consummated within such 60-day period, Franchisee may not thereafter transfer such interest without again complying with this Section 13.

(d) **Conditions on Transfer:** Provided Franchisor chooses not to exercise its right of first refusal, Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

(i) **Compliance.** Franchisee is in full compliance with this Agreement and there are no uncured defaults by Franchisee hereunder, Franchisee is in full compliance with the other agreements between Franchisee and Franchisor or Franchisor's affiliates, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to the Brand Fund, each Cooperative of which Franchisee is a member, and all vendors, including, if applicable, Franchisor. Franchisee will remain liable for all obligations to Franchisor in connection with the Business which arose prior to the effective date of the transfer.

(ii) **Agreements.** The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then-current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement, which documents may be substantially different than those executed contemporaneously with the

execution of this Agreement. This Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed.

(iii) **Release.** Franchisee, its Owners, and guarantors of this Agreement execute a general release, in a form prescribed by Franchisor, releasing Franchisor and its affiliates, predecessors, successors and assigns, and their respective members, managers, officers, directors, owners and employees, in their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the transfer becomes effective.

(iv) **Training.** Prior to the date of the proposed transfer, the proposed transferee's owners, Brokerage Operations Manager, operator and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary.

(v) **Qualifications.** Franchisor is satisfied that the proposed transferee (and if the proposed transferee is an entity, all owners of any interest in such entity) meets all of the requirement for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, real estate brokerage licensure, good reputation and character, business experience, management experience, and financial strength and liquidity;

(vi) **Continuing Obligations.** Any Owner(s) transferring an interest in Franchisee acknowledges and agrees in writing that it is bound by Section 14, 15 and 23 of this Agreement, and all Owners and guarantors sign general releases in the form Franchisor requires.

(vii) **Transfer Fee.** Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee. Such fee must be deposited with Franchisor on a non-refundable basis on Franchisee's notification to Franchisor of the proposed transfer and prior to Franchisor's undertaking any review, drafting of documents, training or other activities. If Franchisor does not approve the transfer, Franchisee's transfer fee will be returned to Franchisee minus Franchisor's expenses incurred (including legal fees) for review and consideration of the transfer. The transfer fee for an In-Network Transferee shall be equal to Fifty Percent (50%) of the then-current initial franchise fee and the transfer fee for an Out-Of-Network Transferee shall be Seventy Five Percent (75%) of the then-current initial transfer fee. "In-Network Transferee" shall mean a person or party that is a THE OCEANAIRE REALTY franchisee in good standing at the time of the transfer. "Out-of-Network Transferee" shall mean a person or party that is not a THE OCEANAIRE REALTY franchisee in good standing at the time of the transfer.

(viii) **Documents.** The proposed transferee and all owners of any interest in a transferee that is an entity provide Franchisor, at least forty-five (45) days prior to the proposed transfer date, copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and

information pertaining to the transferee's existence and ownership.

(ix) **Refurbish.** Within the time specified by Franchisor, Franchisee, at its expense, shall refurbish and update the Business as necessary, to conform the Business to Franchisor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, and installed equipment.

(e) **Transfer of License.** Franchisee may not transfer its rights and interest in this Agreement and/or the License without the prior written consent of Franchisor, which consent may be granted or denied in the reasonable discretion of Franchisor. In the event Franchisor approves a transfer pursuant to this Section 13(e), the following requirements shall be met prior to the approved transfer:

(i) **Agreements.** The proposed transferee shall execute such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, and any then-current ancillary agreements, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement;

(ii) **Continuing Obligations.** The Franchisee acknowledges and agrees in writing that it is bound by Sections 14, 15 and 23 of this Agreement; and

(iii) **Transfer Fee.** Franchisee pays to Franchisor the applicable transfer fee.

(f) **Permitted Transferees.** Notwithstanding the foregoing, Franchisee may add an additional non-controlling ownership interest in the Franchisee or its Owners if (determined as of the date on which the proposed transfer will occur) if; (1) the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and otherwise meet Franchisor's then applicable standards for a franchisee; (2) Franchisee gives Franchisor prior written notice of the transfer; (3) Franchisee and the new owner execute the documents Franchisor requires to document the additional owner and have such owner agree to be bound by the terms of this Agreement, the personal guaranty, and non-compete agreement, and (4) Franchisee pay us a transfer fee equal to One Thousand Five Hundred Dollars (\$1,500), due at the time Franchisee notifies Franchisor of the transfer. A "non-controlling ownership interest" means an ownership interest that is less than the percentage of the voting rights in an entity necessary to make binding decisions for the entity under its governing documents.

(g) **Transfer to a Wholly Owned Entity.** Notwithstanding the foregoing, if Franchisee consists of one or more individual(s), Franchisee may transfer its interest under this Agreement to a corporation, limited liability company or other legal entity without such a transfer being subject to the restrictions of this Section 13 so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity

assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

(h) Death and Disability.

(i) Transfer Upon Death or Disability. Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. Failure to transfer Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, within this period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Owner from operating the Business in the manner required by this Agreement and the Confidential Operations Manual or from performing its, his, or her obligations under this Agreement and the Confidential Operations Manual.

(ii) Operation upon Death or Disability. During the period between death or disability of Franchisee or any Owner of Franchisee and the completion of the transfer described in Section 13(h)(i), the Business still must be operated in accordance with the terms and conditions of this Agreement. Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint a Brokerage Operations Manager (unless Franchisee or the Owner had previously appointed a Brokerage Operations Manager who remains responsible for the day-to-day operation of the Business). Any new Brokerage Operations Manager must complete Franchisor's standard training program at Franchisee's expense, sign Franchisor's then-current form of confidentiality and non-compete agreement, and comply with any of Franchisor's then-current requirements for approval of a Brokerage Operations Manager.

(i) Non-Waiver. Franchisor's consent to a transfer of any interest in Franchisee or the Business granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

14. Covenants Against Unfair Competition.

(a) Franchisee's Covenant Against Unfair Competition – During Term. Franchisee acknowledges it will receive valuable, specialized training and Confidential Information (as defined in Section 15) regarding the production, operational, sales, promotional, and marketing methods of the real estate brokerage that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Term, Franchisee and its Owners will not, without Franchisor's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, broker, agent, or consultant for, any Competitive Business (as defined in Section 14(d) below); or

(ii) offer or grant franchises or licenses for any Competitive Business; or

(iii) become a franchisee or licensee of any Competitive Business; or

(iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(v) solicit, divert or attempt to solicit or divert any client that has done business with or has been a client of Business at any time during the term of this Agreement, to any Competitive Business, by direct or indirect inducement or otherwise, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all client information associated therewith, inure to Franchisor; or

(vi) use any vendor, referral source, or supplier relationship established through Franchisee's association with Franchisor for any purpose other than to operate the Business.

(b) Franchisee's Covenant Against Unfair Competition – Post-Term. In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement, regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Franchisee and its Owners shall not, within the Restrictive Territory (as defined in Section 14(c) below) engage in any of the following:

(i) engage in any Competitive Business as franchisee or licensee; or

(ii) franchise or license any Competitive Business to any person or party; or

(iii) own any Competitive Business; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 14(b) so long as Franchisee does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation; or

(iv) engage in any Competitive Business as a broker, employee, consultant, manager, operator, or independent contractor in any capacity in which Franchisee or its Owners would be in a position to use or disclose Confidential Information of Franchisor; or

(v) solicit, divert, or attempt to solicit or divert to any Competitive Business any vendor or supplier with whom Franchisee had a business relationship through Franchisee's association with Franchisor as of the termination, expiration, or non-renewal of this Agreement or within one (1) year preceding the termination, expiration, or non-

renewal of this Agreement; or

(vi) solicit, divert, or attempt to solicit or divert to any Competitive Business any persons who were Associates, employees or independent contractors associated with the Business as of the termination, expiration, or non-renewal of this Agreement for, or on behalf of any Competitive Business to work with any Competitive Business; or

(vii) solicit, divert, or attempt to solicit or divert to any Competitive Business any persons who were Associates, employees and independent contractors of Franchisor, Franchisor's affiliates, or Franchisor's other franchisees at the time of the termination, expiration, or non-renewal of this Agreement for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(viii) solicit, divert or attempt to solicit or divert any client that has done business with or has been a client of Business at during the one (1) year period prior to the expiration, termination, or non-renewal of this Agreement, to any Competitive Business, by direct or indirect inducement or otherwise.

(c) **Restrictive Territory.** For purposes of this Section 14, the term "Restrictive Territory" means the following:

(i) An area which is within a forty (40) mile radius of the Approved Location, as of the date of termination, expiration, or non-renewal of this Agreement, including at the Approved Location; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad, an area which is within a twenty (20) mile radius of the Approved Location, as of the date of termination, expiration, or non-renewal of this Agreement, including at the Approved Location; or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, an area which is within a ten (10) mile radius of the Approved Location, as of the date of termination, expiration, or non-renewal of this Agreement, including at the Approved Location.

(d) **Competitive Business.** "Competitive Business" shall mean any real estate brokerage business.

(e) **Reasonableness.** The foregoing in-term and post-termination covenants against unfair competition with respect to similar Competitive Businesses shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 14 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or Franchisor's other business interest and its franchisees and the provisions do not prevent Franchisee or its Owners from earning a living. Franchisee agrees that the scope of activities prohibited in this Section 14, and the length of the term and geographical restrictions in this Section 14, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Franchisee's full, uninhibited, and faithful observance of each of the covenants in this Section 14 will not cause

any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 14 will not impair Franchisee's or its Owners' ability to obtain employment commensurate with Franchisee's or its Owners' abilities or on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee and its Owners and their families, and the satisfaction of the needs of all of Franchisee's and its Owners' creditors. Franchisee's and its Owners' special knowledge of a real estate brokerage (and anyone acquiring this knowledge through Franchisee or its Owners) is such as it would cause Franchisor serious injury and loss if Franchisee or its Owners (or anyone acquiring this knowledge through Franchisee or its Owners) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or its franchisees. The covenants in this Section 14 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Franchisee or any of its Owners may have against Franchisor or any of its affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against Franchisee or its Owners. In the event of any violation of the provisions of this Section 14, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Franchisee and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(f) Managerial Employees and Associates. Franchisee covenants that it shall cause all persons who are involved in managerial or supervisory positions with Franchisee or Associates of Franchisee to enter into an agreement to be bound by provisions substantially similar to Sections 14 and 15 of this Agreement. Franchisee agrees to provide Franchisor with copies of such executed agreement upon request. If Franchisee has reason to believe that any person has violated any such provisions of this Agreement, Franchisee shall promptly notify Franchisor and cooperate with Franchisor to protect Franchisor against unfair competition, infringement, or other unlawful use of the Marks, trade secrets, service methods, or System of Franchisor. Franchisee further grants Franchisor the right, but not the obligation, to prosecute any such lawsuits at Franchisor's expense on behalf of Franchisee.

15. Trade Secrets and Confidential Information.

Franchisee understands and agrees that Franchisor has disclosed or will hereafter disclose to Franchisee certain confidential or proprietary information and trade secrets (collectively, "Confidential Information"). Except as necessary in connection with the operation of the Business and as approved by Franchisor, Franchisee shall not, during the Term or at any time after the expiration, non-renewal, or termination of this Agreement, regardless of the cause of termination, expiration, or non-renewal, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information. Franchisee, the Owners, and all guarantors of this Agreement will divulge Confidential Information only to personnel, if any, who must have access to it in order to operate the Business. Further, Franchisee will require all personnel having access to any Confidential Information to execute an agreement, requiring them to maintain the confidentiality of information they receive in connection with their employment at the Business and disclose to its employees only such Confidential Information as is necessary to operate the Business and then only while this Agreement is in effect. Those agreements will be in a form satisfactory to Franchisor. "Confidential Information" includes, without limitation, trade secrets; standards, methods, and procedures related to the establishment and operation of the Business not generally known to the public; knowledge or know-how concerning the sales, transactional information, advertising, marketing, and designs of the

Business or the System not generally known to the public; drawings; materials; proprietary equipment; marketing strategies; transaction documents; all records pertaining to clients, listings, suppliers, and other service providers of the Business; databases in any form; client names, addresses, phone numbers, email addresses, purchase records, mail lists; any information which Franchisor designates as secret or confidential; and the Confidential Operations Manual.

16. Insurance.

(a) Types and Extent of Coverage. Franchisee shall obtain and maintain throughout the Term such insurance coverages with such limits as specified below (or such greater amounts of insurance as may be required by the terms of any lease or mortgage relating to the Premises, or the Confidential Operations Manual, which may be amended by us at any time): real estate professional errors and omissions insurance with limits of One Million Dollars (\$1,000,000) per claim and One Million Dollars (\$1,000,000) in aggregate. The insurance should cover liability for Fair Housing Act discrimination, fungi and bacteria, and open houses.

(b) Other Insurance Requirements. Franchisee shall obtain from a nationally recognized insurance company and at all times during the term of this Agreement maintain in force and pay the premiums for all types of insurance listed above with complete operations coverage. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not “excess over” or contributory with any other applicable insurance, including Franchisor’s insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)’ liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Franchisor; (iv) shall provide that any failure by Franchisee or any of Franchisee’s Associates, employees, agents, subcontractors, or suppliers, to comply with any notice, reporting, or other similar provisions of such policies shall not affect the coverage provided to Franchisor. From time to time in Franchisor’s sole discretion, Franchisor may increase or modify such limits of liability or require additional types of coverage, including cyber liability insurance. The insurance policies shall name Franchisor and any affiliates, officers, members, owners, subsidiaries, and employees Franchisee designates as an “additional insured” and shall expressly protect both Franchisor and Franchisee (and any other additional insured) on a primary and non-contributory basis and shall require the insurer to defend both Franchisee and Franchisor (and any other additional insured) in any action while reserving Franchisor’s right to involve counsel of Franchisor’s own choosing in protection of its own and system wide interests. Additionally, Franchisee’s insurance policy must waive on behalf of Franchisee’s insurer any right of subrogation by the insurance company against Franchisor and Franchisor’s officers, shareholders, and employees. Franchisee understands that doing so does not necessarily furnish Franchisee with protection levels adequate to Franchisee’s needs and that Franchisee’s obligation to indemnify Franchisor as set forth above in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, Franchisee will deliver or caused to be delivered to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required by this Agreement and evidencing that Franchisor is named as an additional insured under such policy on a primary and non-contributory basis as required in this Agreement. At least thirty (30) days prior to expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing that Franchisee has procured proper renewal or replacement coverage with limits not less than those required by this Agreement and reflecting that Franchisor and its affiliates are additional insured under the policy on a primary and

non-contributory basis as required herein. All Certificates will expressly provide that at least thirty (30) days' prior written notice will be given to Franchisor in the event of any alteration to, or cancellation of, the coverage evidenced by the Certificates of Insurance.

(c) **Franchisor's Other Rights.** Franchisor, or its insurer, shall have the right to participate in discussions with Franchisee's insurance company or any claimant (in conjunction with Franchisee's insurance company) regarding any claim of liability, and Franchisee agrees to adopt Franchisor's reasonable recommendations to its insurance carrier regarding the settlement of any such claims.

(d) **Failure to Procure.** Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, Franchisor will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Franchisee, along with a reasonable fee for Franchisor's expenses in procuring the insurance, Franchisor is authorized to collect from Franchisee all insurance related expenses paid on behalf of Franchisee through automatic electronic bank transfers as provided for in Section 3 of this Agreement.

(e) **Coverage for Associates.** Franchisor may require that Franchisee secure endorsements covering each of Franchisee's Associate under the required policies, or in, in the alternative, ensure that each Associate secures such insurance on her or his own behalf.

17. Termination.

(a) **Automatic Termination.** Franchisee shall be in default under this Agreement, and this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee in the event that (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee; (ii) a petition in bankruptcy is filed against and not opposed by Franchisee; (iii) Franchisee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee; (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Franchisee is dissolved; (ix) any portion of Franchisee's interest in the Business becomes subject to an attachment, garnishments, levy or seizure by any credit or any other person claiming against or in the rights of Franchisee; (x) execution is levied against Franchisee's business or property; or (xi) the real or personal property of Franchisee's Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

(b) **Termination without Opportunity to Cure.** Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted herein, without affording Franchisee any opportunity to cure the default, effective upon the date the notice is deemed received pursuant to Section 22 and in no event longer than five (5) days after Franchisor sent the notice, upon the occurrence of any of the following events:

(i) Franchisee at any time ceases to operate or otherwise abandons the Business; or

(ii) Franchisee forfeits the right to do or transact business in the jurisdiction where the Business is located or loses the right to possession of the Premises for a period of five (5) days; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee the Premises are damaged or destroyed, then Franchisee shall have forty-five (45) days after either such event in which to apply for Franchisor's approval to relocate or reconstruct the Premises (which approval shall not be unreasonably withheld), provided, Franchisee shall either relocate or commence and diligently pursue reconstruction of the Business within sixty (60) days after the event; or

(iii) Except as otherwise permitted in this Agreement, any Owner of more than twenty-five percent (25%) interest in Franchisee transfers all or part of such interest or Franchisee transfers any interest in the Business or a material portion of the assets of the Business or Franchisee; or

(iv) Franchisee or an Owner of Twenty Five Percent (25%) or more of Franchisee is convicted of, or pleads guilty or no contest to, (A) a felony, (B) a crime involving moral turpitude, (C) a crime involving, (D) fraudulent conduct, or (E) any other crime or offense that is reasonably likely to have an adverse effect on the Chain, the Marks or the goodwill associated therewith, or Franchisee or an Owner is proven to have engaged in any of the above; provided, that if the act or conviction involves an Owner, Franchisor will not terminate this Agreement if Franchisee notifies Franchisor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests his or its entire interest in Franchisee, or (b) Franchisee obtains Franchisor's consent for such owner to maintain his or its ownership interest; or

(v) An approved transfer is not effected within nine (9) months of the death or disability of any individual Franchisee; or the death or disability of any Owner; or

(vi) Twice within a twelve (12) month period or three (3) times within a three (3) year period, Franchisee is given notice of being in default under any of the terms or requirements of this Agreement; whether or not such defaults are timely cured after notice; or

(vii) Franchisee, an Owner, or a Brokerage Operations Manager fails to comply with any of the covenants of set forth in this Agreement; or

(viii) Franchisee, an Owner, or a Brokerage Operations Manager makes any material misrepresentation to Franchisor or breaches any warranty of representation made to Franchisor, whether in this Agreement or otherwise; or

(ix) Franchisee knowingly or intentionally maintains false books or records or knowingly submits any false records, statement or report to Franchisor; or

(x) Franchisee, an Owner, or a Brokerage Operations Manager by act or omission, materially impairs the value of, or the goodwill associated with, the Chain, any of the Marks or the System; or

(xi) Franchisee, an Owner, or a Brokerage Operations Manager takes, withholds, misdirects, or appropriates for its own use any funds from (A) Franchisee's employees' compensation, employees' taxes, FICA, insurance or benefits, or any Associate's commission, or (B) generally fails to deal fairly and honestly with Franchisee's Associates, employees, independent contractors, or clients; or

(xii) Franchisee, an Owner, or the Brokerage Operations Manager loses, is denied, or has suspended any federal, state or local license that Franchisee must possess in order to operate the Business or Franchisee permits an Associate to work with the Business after its required license is lost, denied, or suspended; or

(xiii) Franchisee, an Owner, or the Brokerage Operations Manager loses, is denied, or has suspended a real estate broker license or other real estate credential; or

(xiv) Franchisee, any Owner, or a Brokerage Operations Manager is sanctioned or disciplined by any real estate commission or other authorized organization; or

(xv) Any of the following occur prior to the opening date of the Business: (a) any representations or warranties of Franchisee or the Brokerage Operations Manager prove to be inaccurate or false, (b) the Brokerage Operations Manager fails to take or pass any of Franchisor's required training, (c) the Brokerage Operations Manager and/or Franchisee fails to pass any credit or character check performed by or on behalf of Franchisor, and/or (d) Brokerage Operations Manager and/or Franchisee fail to timely or diligently perform any duties or obligations; or

(xvi) Franchisee is found liable by any judicial, administrative, or arbitral body for violation of federal, state, or local laws barring discrimination on the basis of race, sex, national origin, age or sexual orientation, or is found liable for any common law civil claim the facts of which are grounded in allegations of discrimination on the basis of race, sex, national origin, age, or sexual orientation; or

(xvii) Franchisee, an Owner, or a Brokerage Operations Manager commits acts of abuse, uses employees who do not meet Franchisor's then-current standards and training requirements, has drug or alcohol problems, or permits unlawful activities at Franchisee's business; or

(xviii) Franchisee operates under any trademark not approved by Franchisor or otherwise uses any trademark not approved by Franchisor in the operation of the Business; or

(xix) Franchisee begins operation of the Business prior to receiving prior approval from Franchisor that Franchisee may open for business; or

(xx) Franchisee, after curing a default pursuant to this Section 17 of this Agreement, commits the same act of default again within six (6) months.

(c) **Termination after Opportunity to Cure.** Except for those defaults provided for under Sections 17(a) or 17(b), Franchisee shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Confidential Operations Manual, policy and procedure statement or other written document provided by Franchisor, or to carry out the terms of this Agreement in good faith. For such defaults and to the extent curable, Franchisor will provide Franchisee with written notice and fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide Franchisor with evidence of such actions. If the defaults specified in such notice are not cured within the fifteen (15) day period, if substantial and continuing action to cure has not been initiated, or if the default is not curable, Franchisor may, at its option, terminate this Agreement upon written notice to Franchisee. Such defaults shall include, without limitation, the occurrence of any of the following events:

(i) Franchisee fails to construct or remodel or to commence operating the Business in accordance with this Agreement or Franchisee fails to provide prior to opening a commitment letter from a financial institution representing sufficient working capital within the range identified in Item 7 of the Franchise Disclosure Document provided to Franchisee; or

(ii) Franchisee fails, refuses, or neglects to promptly pay any monies owing to Franchisor, its affiliates or the Brand Fund contribution when due or to submit the financial or other information required under this Agreement; or

(iii) Any Owner of twenty-five percent (25%) or less of Franchisee makes a transfer of such interest in violation of this Agreement; provided, however, that Franchisee's right to cure such a default shall be conditioned upon Franchisee immediately notifying Franchisor of the improper transfer and taking all actions necessary to either (a) obtain Franchisor's approval thereof, or (b) if approval is not desired or the transfer or transferee is not approved by Franchisor, to re-acquire the interest so transferred;

(iv) The operation of the Business presents a health or safety hazard to the public or to clients, Associates, employees, or independent contractors; or

(v) Franchisee, an Owner, the Brokerage Operations Manager, or one or more of its Associates misuses or makes any unauthorized use of the System or the Marks or otherwise breaches the obligations set forth in Section 7; or

(vi) Franchisee maintains false books or records, or submits any false reports to Franchisor; or

(vii) Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the Term or any renewal hereof, any reports or other data, information or supporting records which understate the Gross Commissions of the Business, the Royalties and/or any other sums owed to Franchisor for any period of, or periods aggregating, three (3) or more weeks, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error; or

(viii) Franchisee, an Owner, or the Brokerage Operations Manager, violates the Code of Ethics of the National Association of REALTORS® or Franchisee, an Owner, the Brokerage Operations Manager, or Associates engage in conduct that Franchisor determines in its sole discretion is unprofessional or unethical; or

(ix) Franchisee fails to maintain a good credit rating by failing to make prompt payment of undisputed bills, invoices or statements from suppliers of products and services; or

(x) Franchisee opens or allows to be opened an unauthorized office or location; or

(xi) Franchisee uses any unauthorized supplier or fails to use a required supplier; or

(xii) Franchisee provides or offers to provide any Excluded Services without Franchisor's prior permission; or

(xiii) Franchisee fails to have a Brokerage Operations Manager at all times who is approved by Franchisor; or

(xiv) Franchisee fails to participate in the multiple listing services or fails to make the Listing Content available to Franchisor; or

(xv) Franchisor receives repeated client complaints about the Business.

Franchisee hereby authorizes Franchisor to notify any lender, creditor, client, vendor, or landlord of Franchisee or the Business upon the occurrence of any default under this Section, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Section, and to otherwise communicate with such lenders, creditors, clients, vendors, or landlords with respect to any such default, or any such event or circumstance.

(d) **Relief in Equity.** Franchisee agrees that neither termination of this Agreement nor an action at law, nor both, would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to Franchisor's Marks or indicia, the trade secrets revealed to Franchisee in confidence pursuant to this Agreement or the obligations of Franchisee and such other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option, (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction) to restrain the continuation of any such breach or default or to compel compliance with such provisions of this Agreement.

(e) **Termination by Franchisee.** Franchisee may terminate this Agreement only if Franchisor violates a material provision of this Agreement and fails to remedy or to make substantial progress toward curing the violation within ninety (90) days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective thirty (30) days after Franchisor receives written notice of termination. If Franchisee terminates this

Agreement under this provision, Franchisee must follow the post-termination procedures as set forth in Section 18.

(f) Limitation of Services or Benefits. Franchisor shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating listing Franchisee and Franchisee's real estate listings in any advertising, marketing or promotional materials, including on Franchisor's principal website and third-party websites to which Franchisor may direct listing information, eliminating Franchisee's right to use Franchisor's website, suspend taking or placing referrals, leads or requests regarding your Business, restricting or removing Franchisee's right to purchase products directly or indirectly from Franchisor or its affiliates, limiting Franchisor's advertising and promotional assistance, and restricting or removing Franchisee's right to use Franchisor's proprietary computer software or Franchisor-required Computer Systems, if any. Nothing in this Section constitutes a waiver of any other right or remedy of Franchisor under this Agreement. Franchisee acknowledges that Franchisor's exercise of its rights pursuant to this Section shall not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this Section may be reinstated at any time in Franchisor's sole discretion.

(g) Cross-Defaults. Any default by Franchisee under this Agreement shall be a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any owner or affiliate of Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate of Franchisor) and Franchisee (or any owner or affiliate of Franchisee) shall be a default under this Agreement. Any default by Franchisee (or any owner or affiliate of Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Franchisee (or any owner or affiliate of Franchisee) and Franchisor (or any affiliate of Franchisor).

(h) Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to grant to Franchisee in Franchisor's sole discretion an extended cure period for any breach. Franchisee acknowledges that Franchisor's decision to grant such an extended cure period shall not operate as a waiver of any of Franchisor's rights and that Franchisor can choose to condition such an extension upon the signing of a general release by Franchisee and its Owners and guarantors. If any law applicable to this Section requires a longer notice period prior to termination of this Agreement than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

(i) Noncompliance. Without waiving Franchisor's rights that Franchisor may have, and in Franchisor's sole discretion, Franchisor may elect not to terminate Franchisee's franchise agreement as a result of a default. In the event a default occurs, Franchisor may elect to give written notification (a "Notice of Noncompliance") to Franchisee that its Business is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Franchisee to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six months from and after the date of such Notice of Noncompliance,

Franchisee shall reimburse Franchisor for reasonable costs that Franchisor incurs with respect to the Business, including without limitation the costs of any audit or inspection of the Business in excess of Franchisor's normal audit program, any mystery shopping for the Business during such six (6) month period in excess of Franchisor's normal mystery shopping program applied to all franchised businesses, additional training that Franchisor determines is required to bring the Business up to Franchisor's standards, and any personnel costs incurred by Franchisor at the Business to ensure the proper management and operation of the Business. Nothing in this section shall limit Franchisor's termination rights as otherwise set forth in this Agreement, which Franchisor reserves the right to exercise at any time.

18. Obligations upon Termination, Non-Renewal, or Expiration.

Upon termination, non-renewal, or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall have the following obligations:

(a) **Cease to Operate.** Franchisee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a THE OCEANAIRE REALTY franchisee with respect to such business.

(b) **Cease to use Information.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all trade secrets, Confidential Information, methods, procedures and techniques used by or associated with the System, and the proprietary Marks THE OCEANAIRE REALTY and all other trademarks and distinctive forms, slogans, signs, symbols, logos and devices associated with THE OCEANAIRE REALTY Chain.

(c) **Cease to Use Marks.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the Mark "THE OCEANAIRE REALTY" and all other Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with THE OCEANAIRE REALTY Chain and System.

(d) **Return of Franchisor's Property.** Franchisee shall immediately return to Franchisor any property held or used by Franchisee which is owned by Franchisor, including the Client List, and shall cease to use, and either destroy or convey to Franchisor, all signs, advertising materials, stationery, forms and any other materials that bear or display the Marks. Franchisee shall deliver to Franchisor all login credentials associated with any Online Presence, including directory, marketing, website, point-of-sale, social media, and all other accounts and systems affiliated with the Business. Franchisee shall immediately deliver to Franchisor all Confidential Operations Manual, policy and procedure statements, instructions, and other materials related to operating the Business, including, without limitation, Franchisee Data, Client Lists, marketing collateral, brochures, charts and any other materials provided by Franchisor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing.

(e) **Cancel Assumed Names.** Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the mark THE OCEANAIRE REALTY or any other Marks of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with its obligation within thirty (30) days after

termination, non-renewal, or expiration of this Agreement.

(f) **Pay Amounts Due.** Franchisee shall promptly pay all sums owed to Franchisor. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination. Any outstanding obligations to Franchisor shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee located on the Premises on the date this Agreement is terminated, expires, or does not renew.

(g) **Pay Subsequent Amounts Due.** Franchisee shall promptly pay to Franchisor all damages, costs and expenses including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination, non-renewal, or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

(h) **Cooperate with Franchisor's Assumption Rights.** Franchisor shall have the option, to be exercised within thirty (30) days of termination, expiration, or non-renewal of this Agreement, to assume any of Franchisee's assumed name or equivalent registration, business licenses, telephone numbers, white and yellow pages and online telephone directory listings and advertisements, and e-mail addresses and/or Online Presences, and Franchisee shall sign all documents necessary to permit Franchisor to assume Franchisee's rights in such items. If Franchisor elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above, cause the provider of each to cause the Marks to be removed from each item, and shall furnish Franchisor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Franchisor's termination or expiration of this Agreement and the expiration of the option granted herein. Franchisee shall also have the obligation to request that any review sites that have identified Franchisee with the Mark remove the use of the Mark. In the event Franchisee fails to timely comply with its obligations, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense. Franchisee shall cause its Associates to comply with this obligation as well and ensure that any Online Presence of its Associate ceases to use the Marks.

(i) **Comply with Covenants.** Franchisee shall comply with the covenants contained in this Agreement, including, but not limited to, the covenants against unfair competition and the covenants not to disclose trade secrets or Confidential Information.

(j) **Leased Premises.** Franchisee shall, if Franchisor so requests, assign to Franchisor any interest which Franchisee has in any lease for the Premises. In the event Franchisor does not elect to exercise its option to acquire any lease for the Premises, and unless otherwise directed by Franchisor, Franchisee shall, within ten (10) days after termination, non-renewal, or expiration of this Agreement, make such modifications and alterations to the Premises as may be necessary to distinguish the appearance of the Premises from that of other THE OCEANAIRE REALTY Businesses and shall make such specific additional changes thereto as Franchisor may reasonably request.

(k) **Owned Premises.** Franchisee shall, if Franchisor so requests and if Franchisee or one or more of Franchisee's Owners owns the real property on which the Business is located, lease

the Premises to Franchisor on substantially the same terms and conditions contained in Franchisee's lease for the Premises, or if no lease exists or if the existing lease is not commercially reasonable, then on commercially reasonable terms. The lease shall be for an initial five (5) year term, with two (2) five (5) year renewal terms (at Franchisor's option). If the parties cannot agree on the rent to be charged under the lease within thirty (30) days after the expiration, termination, or non-renewal of the Agreement, the rent will be determined by a qualified independent appraiser. Franchisee and Franchisor shall each present their proposed rent, and the independent appraiser will select the most commercially reasonable rent from the two proposals. The independent appraiser's determination will be binding on the parties. If the parties are not able to agree on an independent appraiser within forty-five (45) days of the termination, non-renewal, or expiration of this Agreement, each party will select an independent appraiser. The independent appraisers chosen will then select a third independent appraiser whose determination will be binding on the parties. The parties agree to select their respective appraisers within fifty-five (55) days after the termination, non-renewal, or expiration of this Agreement and the two appraisers chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers is appointed. Franchisor and Franchisee will bear the cost of their own appraisers and share equally the reasonable fees and expenses of the third appraiser. The parties will take reasonable actions to cause the third appraiser to complete his or her appraisal within fifteen (15) days after the third appraiser's appointment. During the period when the parties are determining the rent and having the appraisal, Franchisor shall have the right to occupy the Premises. Promptly after the determination of the rent, Franchisor shall pay the rent due for the time it occupied the Premises while the rent was being determined.

(I) Franchisor's Right to Purchase. If Franchisor requests, Franchisee shall sell to Franchisor any assets used in connection with the operation of Franchisee's Business. Franchisor has the right, but not the obligation, to exercise this right by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after the termination, non-renewal, or expiration of this Agreement and paying Franchisee the book value for such assets within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the assets less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any assets that is subject to a lease or finance agreement, the purchase price of such assets shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Business, or Franchisor may require that Franchisee close the Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Business and its assets. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's assets, including, without limitation, representations and warranties as to ownership and condition of and title to the assets; liens and encumbrances on the assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. Franchisor may purchase all or only a portion of the assets of the Business and may exclude from its purchase any assets or cash, for any reason, in Franchisor's

sole discretion. Franchisor shall have the right to set off and apply any amounts due to Franchisee pursuant to this subsection against any and all other amounts which may be due from Franchisee to Franchisor.

(m) **Advise Others.** Franchisee shall immediately advise all of Franchisee's state real estate commission, multiple listing services, local board of REALTORS®, National Association of REALTORS®, Clients, and Associates that Franchisee is no longer associated with Franchisor.

(n) **Franchisor Communications with Associates.** Upon termination, expiration, or non-renewal of this agreement for any reason, Franchisor has the right to communicate directly with Associates to facilitate an effective transition, preserve the goodwill of the System and Marks, and to determine their interest in affiliating with another franchisee. Franchisor may communicate directly with Associates immediately after any notice of termination, immediately after termination is effective, or upon expiration of the agreement, within six (6) months prior to the expiration date and any time thereafter.

(o) **Liquidated Damages.** Upon any termination of this Agreement by Franchisor under Sections 17(a)-(c) or by Franchisee for any reason other than under Section 17(e), Franchisee must immediately pay Franchisor liquidated damages. The parties agree that it would be impracticable or extremely difficult to calculate the actual amount Franchisee would have been obligated to pay as Royalties and other fees due under this Agreement through the expiration date of this Agreement and that the following method of calculation represents a fair and reasonable estimate of Franchisor's damages: Liquidated damages will be equal to the combined monthly average of Royalties under this Agreement (without regard to any fee waivers or other reductions) payable during the twelve (12) month period prior to the date of early termination, multiplied by the lesser of (i) thirty-six (36) or (ii) the number of full months remaining in the Term; but in no event less than Eighty Thousand Dollars (\$80,000).

19. Independent Contractor; Indemnification.

(a) **Independent Contractor.** It is understood and agreed by the parties that this Agreement creates only a contractual relationship between the parties subject to the normal rule of contract law. This Agreement does not create a fiduciary relationship between the parties and Franchisee is and shall remain an independent contractor. Franchisee agrees to hold itself out to the public as an independent contractor, separate and apart from Franchisor. Franchisee agrees that it shall not make any contract, agreement, warranty, or representation on Franchisor's behalf without Franchisor's prior written consent, and Franchisee agrees that it shall not incur any debt or other obligation in Franchisor's name. This Agreement shall not be deemed to confer any rights or benefits to any person or entity not expressly named herein. Franchisor has no right or obligation to pay Franchisee's commissions, taxes, wages or other expenses, or to regulate or participate in the retention, or disaffiliation of Franchisee's Associates, independent contractors, or employees, or to determine or limit the parties from whom Franchisee accepts listings, or for whom or to whom Franchisee may sell property, the commission rates Franchisee charges, Franchisee's commission splits with Franchisee's Associates, Franchisee's working conditions, the manner or details of work performed by Franchisee and Franchisee's Associates, independent contractors, or employees, except as may be necessary to protect the Marks and goodwill associated with the System and Franchisee agrees that Franchisee is solely responsible for these items (regardless of any advice, education or resources you may receive from Franchisor). Franchisee and its

Associates shall refrain from any comment, advertisement or other conduct that could lead consumers to believe that the commission rates or fees of THE OCEANAIRE REALTY businesses are uniform, set any specific level, or not negotiable. Subject to Franchisee's rights and responsibilities to supervise its Associates, Franchisee may allow Associates to set, or prohibit Associates from setting, commission rates or fees independently, and Franchisee may allow Sales Associates to advertise those rates or fees, or prohibit them from doing so.

(b) **Indemnification.** Franchisee hereby waives all claims against Franchisor for damages to property or injuries to persons arising out of the operation of the Business. Franchisee must fully protect, indemnify, defend, reimburse and hold Franchisor and its owners, directors, officers, insurers, successors and assigns and Franchisor's affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with, or incidental to the operation of, the Business (regardless of cause or any concurrent or contributing fault or negligence of Franchisor or its affiliates), including the acts and omissions of Franchisee, Franchisee's Owners, employees, brokers, or Associates, or any breach by Franchisee or Franchisee's failure to comply with the terms and conditions of this Agreement. Franchisor also reserves the right to select its own legal counsel to represent its interests, and Franchisee must reimburse Franchisor for all of Franchisor's costs and all attorneys' fees immediately upon Franchisor's request as they are incurred.

(c) **Payment of Taxes.** Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on Royalties, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor or Franchisor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or lease of property or property rights provided by this Agreement other than taxes on Franchisor's net income.

20. Franchisee Representations.

(a) **FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS OWNER OR BUSINESS. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, OR GUARANTEE, OR REPRESENTATION OTHER THAN AS SET FORTH IN THE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE OR AGENT OF FRANCHISOR AS TO THE POTENTIAL SALES VOLUMES, PROFITS, OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT OR THE SUITABILITY OF THE APPROVED LOCATION OF THE BUSINESS. FRANCHISOR HAS NOT REPRESENTED THAT (I) FRANCHISEE WILL EARN, CAN EARN, OR IS LIKELY TO EARN A GROSS OR NET PROFIT, (II) FRANCHISOR HAS KNOWLEDGE OF THE RELEVANT MARKET, OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE BUSINESS.**

(b) FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE COMPLETE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, THE ATTACHMENTS THERETO, AND THE AGREEMENTS RELATED THERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR CONSIDERATION PAID.

(c) FRANCHISEE ACCEPTS THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLE AND NECESSARY TO MAINTAIN FRANCHISOR'S STANDARDS OF QUALITY, SERVICE AND UNIFORMITY AND IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT OTHER FRANCHISEES OF FRANCHISOR HAVE BEEN OR WILL BE GRANTED FRANCHISES AT DIFFERENT TIMES AND IN DIFFERENT SITUATIONS. FRANCHISEE FURTHER ACKNOWLEDGES THAT THE PROVISIONS OF THE FRANCHISE AGREEMENTS PURSUANT TO WHICH SUCH FRANCHISES WERE GRANTED MAY VARY MATERIALLY FROM THOSE CONTAINED IN THIS AGREEMENT AND THAT FRANCHISEE'S OBLIGATIONS ARISING HEREUNDER MAY DIFFER SUBSTANTIALLY FROM OTHER FRANCHISEES.

(d) FRANCHISEE RECOGNIZES THAT THE SYSTEM MAY EVOLVE AND CHANGE OVER TIME AND THAT THE LICENSE AND OPERATION OF THE BUSINESS INVOLVE AN INVESTMENT OF SUBSTANTIAL RISK AND ITS SUCCESS IS DEPENDENT PRIMARILY UPON THE BUSINESS ACUMEN AND EFFORTS OF FRANCHISEE AND OTHER FACTORS BEYOND FRANCHISOR'S CONTROL. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, INCLUDING BUT NOT LIMITED TO LAWYERS AND ACCOUNTANTS, AND HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED GUARANTEE AS TO POTENTIAL VOLUMES, REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY FRANCHISEE. EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE BUSINESS IN COMPLIANCE WITH FRANCHISOR'S SYSTEM: (1) FRANCHISOR OR FRANCHISOR'S AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF FRANCHISEE'S BUSINESS OR EMPLOYMENT DECISIONS; AND (2) FRANCHISEE AND FRANCHISOR DO NOT INTEND FOR FRANCHISOR OR FRANCHISOR'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF FRANCHISOR'S SYSTEM OR FRANCHISEE'S USE OF THE FRANCHISOR SYSTEM OR THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE CONFIDENTIAL OPERATIONS MANUAL.

(e) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES: (1) FRANCHISEE IS DULY ORGANIZED AND VALIDLY EXISTING UNDER THE LAWS OF THE STATE OF ITS FORMATION; (2) FRANCHISEE IS QUALIFIED TO DO BUSINESS IN THE STATE OR STATES IN

WHICH THE BUSINESS IS LOCATED; (3) EXECUTION OF THIS AGREEMENT AND THE DEVELOPMENT AND OPERATION OF THE BUSINESS IS PERMITTED BY ITS GOVERNING DOCUMENTS; AND (4) FRANCHISEE'S ARTICLES OF INCORPORATION, ARTICLES OF ORGANIZATION OR WRITTEN PARTNERSHIP AGREEMENT SHALL AT ALL TIMES PROVIDE THAT FRANCHISEE'S ACTIVITIES ARE LIMITED EXCLUSIVELY TO THE DEVELOPMENT AND OPERATION OF THE OCEANAIRE REALTY BUSINESS.

(f) IF FRANCHISEE IS AN INDIVIDUAL, OR A PARTNERSHIP COMPRISED SOLELY OF INDIVIDUALS, FRANCHISEE MAKES THE FOLLOWING ADDITIONAL REPRESENTATIONS AND WARRANTIES: (A) EACH INDIVIDUAL HAS EXECUTED AN AGREEMENT WHEREBY THEY AGREE TO BE BOUND BY ALL THE TERMS OF THIS AGREEMENT; (B) EACH INDIVIDUAL SHALL BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT; AND (C) NOTWITHSTANDING ANY TRANSFER FOR CONVENIENCE OF OWNERSHIP, PURSUANT TO THIS AGREEMENT, EACH INDIVIDUAL SHALL CONTINUE TO BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT. IF FRANCHISEE VIOLATES A TERM OR CONDITION CONTAINED WITHIN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, WITHHOLDING ANY MONIES OWED TO FRANCHISOR IN THE ABSENCE OF A COURT ORDER PERMITTING THE WITHHOLDING OF SUCH MONIES, FRANCHISEE SHALL REIMBURSE FRANCHISOR FOR ALL REASONABLE COSTS INCURRED BY FRANCHISOR IN PURSUING THE ENFORCEMENT OF THIS AGREEMENT. THESE COSTS SHALL INCLUDE, BUT NOT BE LIMITED TO, COURT COSTS AND FEES, ACCOUNTING COSTS AND FEES, EXPERT WITNESS COSTS AND FEES, REASONABLE ATTORNEYS' FEES, THE REASONABLE VALUE OF FRANCHISOR'S EMPLOYEES' TIME, WITNESS FEES AND TRAVEL EXPENSES INCURRED BY FRANCHISOR. THE RECOVERY OF THE COSTS AND FEES SPECIFIED ABOVE SHALL INCLUDE THE RECOVERY OF ALL COSTS AND FEES INCURRED BY FRANCHISOR RELATING TO OR ARISING FROM ANY AND ALL DEFENSES, COUNTERCLAIMS AND/OR CROSSCLAIMS ASSERTED BY FRANCHISEE OR THE PERSONAL GUARANTORS UNDER THIS AGREEMENT. THIS OBLIGATION WILL GIVE RISE TO AND REMAIN A LIEN IN FAVOR OF FRANCHISOR AGAINST ANY AND ALL OF THE PERSONAL PROPERTY, GOODWILL, CASH, FURNISHINGS, EQUIPMENT, SIGNS, FIXTURES AND INVENTORY OWNED BY FRANCHISEE AND LOCATED ON AND AROUND THE PREMISES OPERATED PURSUANT TO THIS AGREEMENT UNTIL FRANCHISEE IS IN FULL COMPLIANCE WITH THIS AGREEMENT AND ANY AMOUNTS OWED ARE PAID IN FULL. ALL COSTS TO BE COLLECTED BY FRANCHISOR PURSUANT TO THIS PROVISION SHALL BE COLLECTED VIA ELECTRONIC BANK TRANSFER AS SPECIFIED IN THIS AGREEMENT.

(g) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE HAS PROVIDED TO FRANCHISOR A CURRENT LIST OF ALL OWNERS AND FRANCHISEE AGREES THAT

FRANCHISEE WILL ADVISE FRANCHISOR OF ANY AND ALL CHANGES IN OWNERSHIP.

(h) IF FRANCHISEE IS A CORPORATION, FRANCHISEE SHALL MAINTAIN STOP-TRANSFER INSTRUCTIONS AGAINST THE TRANSFER ON ITS RECORDS OF ANY VOTING SECURITIES, AND EACH STOCK CERTIFICATE OF THE CORPORATION SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: “ANY ASSIGNMENT OR TRANSFER OF THIS STOCK IS SUBJECT TO THE RESTRICTION IMPOSED ON ASSIGNMENT BY FRANCHISOR, PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE CORPORATION IS A PARTY.” IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH MEMBERSHIP OR MANAGEMENT CERTIFICATE OR OTHER EVIDENCE OF INTEREST IN FRANCHISEE SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: “ANY ASSIGNMENT OR TRANSFER OF AN INTEREST IN THIS LIMITED LIABILITY COMPANY IS SUBJECT TO THE RESTRICTIONS IMPOSED ON ASSIGNMENT BY FRANCHISOR PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE LIMITED LIABILITY COMPANY IS A PARTY.” IF FRANCHISEE IS A PARTNERSHIP, ITS WRITTEN AGREEMENT SHALL PROVIDE THAT OWNERSHIP OF AN INTEREST IN THE PARTNERSHIP IS HELD SUBJECT TO, AND THAT FURTHER ASSIGNMENT OR TRANSFER IS SUBJECT TO, ALL RESTRICTIONS IMPOSED ON ASSIGNMENT BY THIS AGREEMENT.

(i) FRANCHISEE ACKNOWLEDGES THAT UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE “ORDER”), FRANCHISOR IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON. “SPECIALLY DESIGNATED NATIONAL” OR “BLOCKED PERSON” SHALL MEAN (1) THOSE PERSONS DESIGNATED BY THE U.S. DEPARTMENT OF TREASURY’S OFFICE OF FOREIGN ASSETS CONTROL FROM TIME TO TIME AS A “SPECIALLY DESIGNATED NATIONAL” OR “BLOCKED PERSON” OR SIMILAR STATUS, (2) A PERSON ENGAGED IN, OR AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM, AS DEFINED IN THE ORDER, OR (3) A PERSON OTHERWISE IDENTIFIED BY GOVERNMENT OR LEGAL AUTHORITY AS A PERSON WITH WHOM FRANCHISOR IS PROHIBITED FROM TRANSACTING BUSINESS. CURRENTLY, A LISTING OF SUCH DESIGNATIONS AND THE TEXT OF THE ORDER ARE PUBLISHED AT THE WEBSITE: WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC. ACCORDINGLY, FRANCHISEE REPRESENTS AND WARRANTS TO FRANCHISOR THAT AS OF THE DATE OF THIS AGREEMENT, NEITHER FRANCHISEE NOR ANY PERSON HOLDING ANY OWNERSHIP INTEREST IN FRANCHISEE, CONTROLLED BY FRANCHISEE, OR UNDER COMMON CONTROL WITH FRANCHISEE IS A SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON, AND THAT FRANCHISEE (1) DOES NOT, AND HEREAFTER SHALL NOT, ENGAGE IN ANY TERRORIST ACTIVITY; (2) IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY; AND (3) IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING,

OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY. FRANCHISEE AGREES THAT FRANCHISEE SHALL IMMEDIATELY PROVIDE WRITTEN NOTICE TO FRANCHISOR OF THE OCCURRENCE OF ANY EVENT WHICH RENDERS THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION INCORRECT.

(j) Franchisee covenants that during the Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Business and other franchised businesses established and operated by Franchisee under the System.

(k) Franchisee and all guarantors hereof acknowledge and agree that the obligations regarding the use of Confidential Information and trade secrets set forth in this Agreement will apply throughout the Term and after the expiration or termination of this Agreement, without limitation as to time or geographic scope. Franchisee covenants that upon termination or expiration, Franchisee will immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, trade secrets, methods, procedures and techniques associated with the System.

(l) Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Business or for any other purpose. Franchisor's approval of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Business at the site is based on its own independent investigation of the suitability of the site.

21. Governing law, Jurisdiction and Venue.

(a) **Mediation.** Before Franchisee and Franchisor may bring an action against the other, Franchisor and Franchisee must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding. Mediation shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. The non-binding mediation provided for herein shall be commenced by the party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable

particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a complainant or respondent. Non-binding mediation commenced under this Section shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service. The mediator selected shall have experience in franchise matters.

(b) Arbitration. Franchisee acknowledges that it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of North Carolina, where Franchisor's decision-making authority is vested, franchise operations are conducted and supervised and where Agreement was rendered binding. Therefore, the parties agree that, to the extent that any disputes cannot be resolved directly between Franchisee and Franchisor and following compliance with the applicable mediation requirements set forth in Article 21(a) above, any action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days' written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in the City of Raleigh, North Carolina, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection ("AAA"), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. Franchisee and Franchisor agree that arbitration shall be conducted on an individual -- not a class-wide basis. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator(s) shall be final, binding and nonappealable, except for errors of law. The matter shall be heard by one (1) arbitrator mutually selected by the parties who shall have at least ten (10) years' experience in practicing franchise law during which franchise law is or has been their primary area of practice and shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents. Franchisee understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court.

(c) Waiver. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE THEIR RIGHT TO (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE IRREVOCABLY WAIVE AND SURRENDER THEIR RIGHT TO) PURSUE A JUDICIAL REMEDY OF ANY CLAIM ARISING OUT OF, OR RELATED TO THIS DISPUTE, EXCEPT AS ELSEWHERE EXPRESSLY PROVIDED IN THIS AGREEMENT.

(d) Injunctive Relief. Notwithstanding the provisions of Section 21(a) and (b) above, Franchisee agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, or in the first instance from an Arbitrator, to restrain any conduct by Franchisee in the development or operation of the Business that could materially damage the goodwill associated with the Marks, the System, and the Chain, provided that if Franchisee counters, as Franchisee may, by initiating arbitration, Franchisor agrees to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if Franchisee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate

enforcement. Franchisee agrees Franchisor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

(e) **Prevailing Party, Attorney's Fees and Costs.** The non-prevailing party agrees to reimburse the prevailing party for all expenses reasonably incurred (including attorney's fees): (i) to enforce the terms of this Agreement, an obligation owed to Franchisor by Franchisee and/or the Owners, or an obligation owed to Franchisee by Franchisor; and (ii) in the defense of any claim that one party asserts against the other party on which the prevailing party substantially prevails in court, arbitration or other formal legal proceedings, whether incurred prior to or in preparation for such proceedings or thereafter. In the event Franchisor is the prevailing party, Franchisor has the right to reimburse Franchisor through EFT transfer for any legal fees.

(f) **JURY TRIAL AND CLASS ACTION WAIVER.** FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY FRANCHISOR AND FRANCHISEE. NEITHER FRANCHISEE NOR FRANCHISOR SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO LITIGATION, ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE AND FRANCHISOR AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISEE OR FRANCHISOR, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. FRANCHISEE MAY NOT ARBITRATE ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).

(g) **WAIVER OF CERTAIN DAMAGES.** EXCEPT FOR FRANCHISEE'S OBLIGATIONS TO INDEMNIFY FRANCHISOR UNDER THIS AGREEMENT AND CLAIMS FRANCHISOR BRINGS AGAINST FRANCHISEE FOR ITS UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF FRANCHISEE'S NON-COMPETITION COVENANTS, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED, WHETHER

ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. EXCEPT FOR ANY SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH A SPECIFIC ITEM, FRANCHISOR SHALL NOT BE LIABLE TO ANY PERSON OR ENTITY IN RELATION TO ANY GOODS AND/OR SERVICES (INCLUDING ANY ASPECT OF THE LABOR OR INSTALLATION OF ANY EQUIPMENT, OR PRODUCTS) PROVIDED BY FRANCHISOR, FRANCHISOR'S AFFILIATES AND/OR ANY PERSON/COMPANY REFERRED/APPROVED BY FRANCHISOR OR THEM. SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED. FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE), HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE EACH SHALL BE LIMITED SOLELY TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THE NON-BREACHING PARTY.

(h) **Remedies Cumulative.** All rights and remedies conferred upon Franchisee and Franchisor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.

(i) **Governing Law.** This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of North Carolina and the Federal Arbitration Act, which laws shall prevail in the event of any conflict of law. The venue for any arbitration concerned with the enforcement and interpretation of this Agreement shall be Raleigh, North Carolina. Nothing in this Subsection 21(i) is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all claims and actions arising out of or relating to this agreement, the relationship of franchisee and franchisor, or franchisee's operation of the franchised business, brought by franchisee against franchisor, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

22. Notices.

Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows:

If intended for Franchisor, addressed to

THE OCEANAIRE BRAND, LLC
Attn: Doug Yopp
1417 Millstone Landing Drive Raleigh, NC 27603

With a copy (which shall not constitute notice) to:

Manning, Fulton & Skinner, P.A.
Attn: Ritchie W. Taylor
3605 Glenwood Avenue
Suite 500
Raleigh, NC 27612

If intended for Franchisee, addressed to

the notice address set forth in the Franchise Rider, or,

if Franchisee has opened its Business, the address of the Approved Location of the Business, or

in either case, to such other address as may have been designated by notice to the other party.

Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) calendar days after deposit in registered or certified U.S. Mail or with a nationally recognized overnight courier, as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

Additionally, Franchisor may provide the notice described in this section by email or other electronic system to (a) the email address set forth on the Franchise Rider, (b) the email address Franchisor has approved or provided for Franchisee to use with the Business, or (c) another electronic account that Franchisor has approved or provided for Franchisee to use with the Business. Such email notices shall be deemed given and effective upon the day on which the email was sent, unless Franchisor receives notice of rejected delivery by the email account or other electronic account.

23. Miscellaneous.

(a) **Severability.** The invalidity or unenforceability of any one or more provision of this Agreement shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Agreement.

(b) **Construction.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require. All acknowledgements, warranties, representations, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement as Franchisee.

(c) **Entire Agreement.** This Agreement, the documents incorporated herein by reference and the exhibits attached hereto, comprise the entire agreement between the parties and all prior understandings or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Franchisor are confined exclusively to those set forth in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise. Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

(d) **Assignees.** This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

(e) **Amendments.** Franchisor reserves the right to amend this Agreement if a Franchise Agreement change proposed by Franchisor is agreed to by Seventy Percent (70%) of the then-current Franchisees. Further, except for those permitted to be made unilaterally by Franchisor, no supplement, amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

(f) **Waivers.** No failure of Franchisor to exercise any right given to it hereunder, or to insist upon strict compliance by Franchisee with any obligation, agreement or undertaking hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand full and exact compliance by Franchisee and shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or of a different nature, nor shall any delay or omission of Franchisor to exercise any right arising from such default affect or impair Franchisor's rights as to such default or any subsequent default. Franchisor has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, or any affiliate of Franchisee or Franchisor, without liability.

(g) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. The parties may utilize electronic means, including electronic mail and facsimile, to execute and transmit the Agreement or PDF copies of the Agreement and all such electronically transmitted copies of the Agreement shall be deemed as valid as originals.

(h) **Headings.** The headings used in the Agreement are for convenience only, and the paragraphs shall be interpreted as if such headings were omitted.

(i) **Time of Essence.** Franchisee agrees and acknowledges that time is of the essence with regard to Franchisee's obligations hereunder, and that all of Franchisee's obligations are material to Franchisor and this Agreement.

(j) **Agreement Binding Upon Signature of Franchisor.** Franchisee acknowledges that this Agreement shall not take effect until its acceptance and execution by an officer of Franchisor.

(k) **Evolving Agreements.** Franchisee acknowledges that Franchisor has entered, and will continue to enter, into agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and Franchisees other than Franchisee may have different rights and obligations does not affect the parties' duty to comply with this Agreement.

(l) **Delegation.** Franchisor shall have the right to delegate Franchisor's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Franchisee agrees to such assignment without any right to approve such actions.

(m) **Final Act.** The last signature applied to this Agreement shall be the signature of Franchisor's President at Franchisor's headquarters in North Carolina. The Agreement shall not be binding on Franchisor until signed by Franchisor.

(n) **Fines.** For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or Franchisor sponsored conventions, offers unauthorized products or services, fails to timely submit a required report; or otherwise fails to comply with THE OCEANAIRE REALTY system's operating standards set forth in the Confidential Operations Manual or this Agreement, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to One Thousand Dollars (\$1,000) per occurrence. The imposition of a fine pursuant to this section shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT.

(o) **Covenant of Good Faith.** No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Franchisee acknowledges that (a) this Agreement grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the Chain generally; (c) Franchisor will have no liability to Franchisee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

(p) **Modification of Agreement.** If any term or provision, or any portion thereof, of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereto, and Franchisor will have the right, in its sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable.

(q) **Security Agreement.** Franchisee agrees to give no security interests, pledges or encumbrances in Franchisee's inventory, leasehold, fixtures, securities or franchise agreement without the prior written approval of Franchisor, which shall not be deemed a consent to assignment. Franchisor will not unreasonably withhold approval but is legitimately concerned to ensure: (a) that Franchisee not lose the business; (b) that the business not be lost to the franchise system; and (c) that Franchisor not have to defend a claim to franchisee rights by anyone it shall not have agreed to accept as a franchisee. In order to secure the prompt performance of Franchisee's obligations under this Agreement, Franchisee grants Franchisor and Franchisor takes a first priority security interest in all of Franchisee's assets, including without limitation, all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including Franchisee's rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds. All items in which a security interest is granted are referred to as the "Collateral." This Agreement and the License granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with Franchisor's prior written approval. The Security Interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by Franchisee; (b) all sums which Franchisor may, at Franchisor's option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the Security Interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisor executes any extension agreement or renewal instruments. Franchisee will from time to time as Franchisor requires join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor. Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral. Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under the Uniform Commercial Code of North Carolina (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the

time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above. This Agreement shall be deemed a Security Agreement and a Financing Statement. Franchisee hereby irrevocably authorizes Franchisor to file financing statements (including amendments thereto and initial financing statements in lieu of continuation statements) or other perfection documents (including copies thereof) showing Franchisee as “debtor” at such time or times and in all filing offices as the Franchisor may from time to time determine to be necessary or advisable to perfect or protect the rights of Franchisor hereunder, or otherwise to give effect to the transactions herein contemplated.

FRANCHISEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH FRANCHISOR’S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, THESE INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND THESE INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, THAT BROKER WILL BE SOLELY LIABLE FOR ITS CONDUCT WITH FRANCHISEE EXCEPT THAT FRANCHISOR WILL REMAIN LIABLE FOR THE BROKER’S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR’S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT IN ENGAGING THE BROKER. IN ADDITION, FRANCHISOR MAKES NO WARRANTY AS TO FRANCHISEE’S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS WILL BE OPERATED. FRANCHISEE MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION IS ENACTED, OR A REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY THAT PREVENTS FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, FRANCHISOR IS NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM FRANCHISEE.

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IN WITNESS WHEREOF, parties hereto have duly executed this Agreement on the day, month and year first written above.

Franchisor:

THE OCEANAIRE BRAND, LLC

By: _____

Name: _____

Title: _____

FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR APPROVED LOCATIONS IN OHIO: You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Franchisee:

By: _____

Name: _____

Title: _____

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
APPROVED LOCATIONS IN OHIO]**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to THE OCEANAIRE BRAND, LLC, 1417 Millstone Landing Drive Raleigh, NC 27603, 919-608-2760, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date)

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
APPROVED LOCATIONS IN OHIO]**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to THE OCEANAIRE BRAND, LLC, 1417 Millstone Landing Drive Raleigh, NC 27603, 919-608-2760, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date)

ATTACHMENT 1 TO FRANCHISE AGREEMENT FRANCHISE RIDER

Initial Franchise Fee

The Initial Franchise Fee, which is due and payable upon execution of this Franchise Agreement, is:

_____ Twenty-Five Thousand Dollars (\$25,000) for the right to open Franchisee's first THE OCEANAIRE REALTY Business.

_____ Twelve Thousand Five Hundred Dollars (\$12,500) for the right to open Franchisee's first THE OCEANAIRE REALTY Business if Franchisee qualifies for the converting broker discount.

_____ for the right to open Franchisee's second or subsequent THE OCEANAIRE Realty Business.

Royalty

For the first two (2) years of the operation of the Business, the Royalty shall be Five- and One-Half Percent (5.5%) of Gross Commissions. During the third year of operations (which commences on the third annual anniversary of the date operations commenced), the Royalty shall be the greater of (i) Five- and One-Half Percent (5.5%) of Gross Commissions or (ii) One Thousand Two Hundred Twenty-Five Dollars (\$1,225) per week. During the fourth year of operations (which commences on the fourth annual anniversary of the date operations commenced), the Royalty shall be the greater of (i) Five- and One-Half Percent (5.5%) of Gross Commissions or (ii) Two Thousand Two Hundred and Twenty Dollars (\$2,220) per week. Beginning with the fifth annual anniversary of the date operations commenced and through the remainder of the Initial Term, the Royalty shall be the greater of (i) Five- and One-Half Percent (5.5%) of Gross Commissions or (ii) Two Thousand Five Hundred and Seventy-Five Dollars (\$2,575) per week.

For purposes of this Attachment 1, "Gross Commissions" means all revenue and payments, however, characterized, generated, earned, derived, or received in connection with the sale, lease, exchange, auction, management, of real estate by Franchisee, the Business, the Brokerage Operations Manager, and by all of the Associates, including but not limited to referral commissions and fees, before (1) deducting any of Franchisee's costs, expenses, or disbursements and (2) before such revenue and payments are split between the Business and Associates. Revenue from all transactions that require a real estate license and/or in which the Business, the Brokerage Operations Manager, and the Associates use the Marks and System are included in "Gross Commissions."

The Royalty is due weekly and shall be calculated based on the Gross Commissions received during the week immediately preceding the Due Date of the Royalty.

Already-Approved Location (If Applicable)

If the Approved Location has already been selected by Franchisee and approved by Franchisor, then the following are Franchisee's Approved Location for the term of the Franchise Agreement:

Approved Location: _____

Unassigned Location (If Applicable)

If no Approved Location has been determined at the time this Franchise Agreement is executed, then when Franchisee selects its desired location for the Business, Franchisee must follow the approval process set forth in Section 6(a) and (b) of the Franchise Agreement and Franchisor's Confidential Operations Manual. If Franchisor approves of Franchisee's proposed location, Franchisor will send Franchisee its form site approval letter ("Site Selection Approval Letter"). The location set forth in the Site Selection Approval Letter shall constitute the "Approved Location" of the Business pursuant to Section 1 of the Franchise Agreement.

Notice Address

The following address is Franchisee's address under Section 22 of the Franchise Agreement.

Franchisee's Address for Notice:

ATTACHMENT 2 TO FRANCHISE AGREEMENT LEASE RIDER

This Lease Rider is executed as of this date of _____, by and between _____ (“Tenant”) and _____ (“Landlord”) as a Rider to the lease dated _____ (as amended, renewed, and/or extended from time to time, the “Form Lease”) for the Premises located at _____ (“Premises”).

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. **Permitted Use.** The Premises are leased to Tenant for the operation of a franchised real estate brokerage Business. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a Business in the same shopping center or office complex as the Premises that sells or provides real estate brokerage services.

2. **Signage.** Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other proprietary trademarks and identification on both the exterior and within the interior of the Premises as approved by THE OCEANAIRE BRAND, LLC, franchisor of THE OCEANAIRE REALTY concept (“Franchisor”).

3. **Assignment and Subletting.** Landlord’s consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant’s assets or business or an assignment or sublet to Franchisor, any parent, subsidiary or affiliated corporation of Tenant or Franchisor, or another THE OCEANAIRE REALTY franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (the Franchise Agreement”) as a result of a merger, reorganization or sale of all or substantially all of Tenant’s assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership.

4. **Notices; Opportunity to Cure.** Copies of any demand letters, default notices or other similar notices of non-compliance (“Notice”) sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

THE OCEANAIRE BRAND, LLC
Attn: President
1417 Millstone Landing Drive
Raleigh, NC 27603

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the

identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

5. Option to Lease. Landlord hereby agrees that, in the event of (a) the termination or expiration of the Franchise Agreement by and between Tenant and Franchisor; (b) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; or (c) Tenant's failure to exercise any extension option contained in the Form Lease, Franchisor shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor elects to lease the Premises, Franchisor shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination or expiration of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Franchisor elects to lease the Premises, Franchisor shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Franchisor to assign the lease or sublease the Premises to a franchisee of Franchisor for use as a THE OCEANAIRE REALTY franchised location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

6. De-identification. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a THE OCEANAIRE REALTY franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense.

7. **Assignment of Interest.** This Rider is binding and shall inure to the benefit of Landlord, Tenant, and Franchisor, their assigns, and successors-in-interest. Franchisor is an intended beneficiary of this Rider, provided Franchisor shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

8. **Non-disturbance from Mortgage Lenders.** It is a condition of the Form Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agrees not to disturb Tenant's rights under the Form Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Form Lease beyond any applicable grace or cure period provided therein. If a mortgage, deed of trust or deed to secure debt currently encumbers the Premises, it is a condition precedent to Tenant's obligations under the Form Lease that the holder of such encumbrance enter into a written recordable form of subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

9. **Security Interest.** Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

LANDLORD:

By: _____

Its: _____

Name: _____

TENANT:

By: _____

Its: _____

Name: _____

Agreed to:

FRANCHISOR:

THE OCEANAIRE BRAND, LLC

By: _____

Name: _____

Title: _____

ATTACHMENT 3 TO FRANCHISE AGREEMENT LISTING ASSIGNMENT

This Assignment Agreement (the "Assignment") is made, and entered into, between THE OCEANAIRE BRAND, LLC, a North Carolina limited liability company ("Franchisor") and the undersigned Franchisee ("Franchisee").

RECITALS

A. Franchisor has developed a unique system for the establishment and operation of Businesses providing real estate broker services (the "System");

B. Franchisor and Franchisee have entered into a Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a THE OCEANAIRE REALTY Franchised Business ("Franchised Business") under the System; and

C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers, telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its THE OCEANAIRE REALTY franchised business are assigned to Franchisor.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating THE OCEANAIRE REALTY Franchised Business, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Franchised Business, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Franchised Business, or which Franchisee has been permitted by Franchisor to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively the "Listings").

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Listings unless and until Franchisor notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the "Providers") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings;

provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Franchisor, Franchisor's affiliates, or Franchisor's approved suppliers under existing contracts for the Listings and immediately, at the Franchisor's request, (i) take any other action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vii) cooperate with Franchisor or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or non-renewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

Agreed to this date of _____.

[Signatures on following page]

FRANCHISEE:

FRANCHISOR:
THE OCEANAIRE BRAND, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTACHMENT 4 TO FRANCHISE AGREEMENT
PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE
TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the “Agreement”) between THE OCEANAIRE BRAND, LLC (“Franchisor”) and _____ (“Franchisee”) dated of even date herewith, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, except for those designated as “Spouse” and not “Owner” in the signature block below, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned’s liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other guarantors of Franchisee. The undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against the undersigned and Franchisee jointly and severally, or Franchisor may, at its option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Franchisee. The undersigned agrees to pay all reasonable attorneys’ fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

In addition, the undersigned consents and agrees that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as

a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and (5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Franchisor's successors and assigns.

PERSONAL GUARANTORS:

Signature: _____

Name: _____

Address: _____

Owner or Spouse: _____

Signature: _____

Name: _____

Address: _____

Owner or Spouse: _____

Signature: _____

Name: _____

Address: _____

Owner or Spouse: _____

**ATTACHMENT 5 TO FRANCHISE AGREEMENT
NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

This Nondisclosure and Noncompetition Agreement (“Agreement”) is made and entered into as of _____ by and between THE OCEANAIRE BRAND, LLC, a North Carolina limited liability company (“Franchisor”), and _____ (“Associate”), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. The Franchisor is engaged in the business of franchising businesses that provide real estate broker services (“Franchised Business”). The Franchised Businesses are operated under the Franchisor's trademark “THE OCEANAIRE REALTY” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “Marks”);

B. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and client service, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

C. Associate desires to become involved with _____ (“Franchisee”), a franchisee of the Franchisor that operates the Franchised Business in _____ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee’s Obligations form; and

D. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor’s willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor’s Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) “Associate” shall mean the individual described in the first paragraph of this Agreement.

(b) “Competitive Business” as used in this Agreement means any real estate brokerage business.

(c) “Confidential Information” shall include, without limitation, all knowledge, know-how, formats, plans, data processes, supply systems, marketing systems, techniques, designs, layouts, standards, methods, and procedures related to the establishment and operation of

the Franchised Business, and includes all records pertaining to listings, properties, clients, suppliers, and other service providers of, and/or related in any way to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, client purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that the Franchisor or its affiliates designates as confidential including all information contained in the Confidential Operations Manual, which may be provided as one or more separate manuals, written instructional guides, electronic files, or other communications from the Franchisor or its affiliates, which may be changed or supplemented from time to time.

(d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and Franchisee dated _____ as amended or renewed from time to time.

(e) "Approved Location" shall mean the approved locations of Franchisee's Franchised Business.

(f) "Restrictive Territory" shall mean:

(i) An area which is within a forty (40) mile radius of the Approved Location(s), as of the first date of the Restrictive Period, including the Approved Location; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad, an area which is within a twenty (20) mile radius of the Approved Location(s), as of the first date of the Restrictive Period, including the Approved Location; or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, an area which is within a ten (10) mile radius of the Approved Location(s), as of the first date of the Restrictive Period, including the Approved Location.

(g) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(h) "Sales Associate" shall mean the real estate brokers affiliated with the Franchised Business in any capacity who possess a real estate broker license that is valid in the jurisdiction where the Franchised Business operates.

(i) "Term" shall have the meaning defined in the Franchise Agreement.

(j) "Trade Secret(s)" shall mean information, including a Client Lists, pattern, compilation, program, device, method, technique or process related to the Franchised Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic

value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Associate and the Franchisor acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Franchised Business are unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information. During the Term and any renewal Term of the Franchise Agreement and for all periods after the Term and any renewal Term of the Franchise Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate's possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Franchisor before disclosure and used Associate's best efforts, and afforded the Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5. Nondisclosure of Trade Secrets. During the Term and any renewal Term of the Franchise Agreement and for as long as such information constitutes a Trade Secret, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Trade Secrets of the Franchisor or its affiliates.

6. In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor's prior written consent, either for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) own, manage engage in, be employed by, advise, make loans to, or have

any other interest in, as a partner, owner, officer, executive, managerial employee, director, broker, sales person or consultant for, any Competitive Business; or

(ii) offer or grant franchises or licenses for any Competitive Business; or

(iii) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(iv) solicit or divert or attempt to solicit or divert any business or client of the Franchised Business to any Competitive Business

(v) use any vendor, referral source, or supplier relationship established through Associate's association with Franchisor or Franchisee for any purpose other than for operations of the Franchised Business.

7. Post-Termination Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) Engage in any Competitive Business as franchisee or licensee; or

(ii) Franchise or license any Competitive Business to any person or party; or

(iii) Own any Competitive Business; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 7(iii) so long as Associate does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation; or

(iv) Engage in any Competitive Business as an employee, consultant, manager, operator, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information; or

(v) solicit, divert, or attempt to solicit or divert to any Competitive Business any vendor, referral source, or supplier with whom Associate had a business relationship through Associate's association with Franchisor or Franchisee as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period; or

(vi) solicit, divert, or attempt to solicit or divert to any Competitive Business any persons who were Sales Associates, employees or independent contractors associated with Franchisee as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period; or

(vii) solicit, divert, or attempt to solicit or divert to any Competitive Business any persons who were Sales Associates, employees or independent contractors of Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period; or

(viii) solicit, diver, or attempt to solicit or divert to any Competitive Business any clients of the Franchised Business as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period.

8. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

9. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

10. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

12. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

13. Governing Law; Jurisdiction and Venue. The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of

these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

14. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

15. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

16. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to Associate.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:

FRANCHISOR:

THE OCEANAIRE BRAND, LLC

EXHIBIT B-1

**BUSINESS DIRECTORY/LISTING OF CURRENT FRANCHISEES
AS OF JULY 1, 2022**

None.

EXHIBIT B-2

**LISTING OF CERTAIN PAST FRANCHISEES
AS OF JULY 1, 2022**

None.

EXHIBIT C
FINANCIAL STATEMENTS

THE OCEANAIRE BRAND, LLC

FINANCIAL REPORT

AS OF JUNE 30, 2022

THE OCEANAIRE BRAND, LLC

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Independent Auditor's Report

To the Member
The Oceanaire Brand, LLC
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying balance sheet of The Oceanaire Brand, LLC as of June 30, 2022, and the related statements of operations, member's equity, and cash flows for the period from February 14, 2022 (Inception) through June 30, 2022, and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Oceanaire Brand, LLC as of June 30, 2022, and the results of their operations and their cash flows for the period from February 14, 2022 (Inception) through June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Reese CPA LLC".

Thornton, Colorado
July 21, 2022

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

**THE OCEANAIRE BRAND, LLC
BALANCE SHEET
AS OF JUNE 30, 2022**

	<u>2022</u>
ASSETS:	
CURRENT ASSETS	
Cash and equivalents	\$ 10,000
Prepaid franchise development costs	118,000
TOTAL CURRENT ASSETS	<u>128,000</u>
NON-CURRENT ASSETS	-
TOTAL ASSETS	<u><u>\$ 128,000</u></u>
LIABILITIES AND MEMBER'S EQUITY:	
CURRENT LIABILITIES	<u>\$ -</u>
TOTAL CURRENT LIABILITIES	-
NON-CURRENT LIABILITIES	-
TOTAL LIABILITIES	<u>-</u>
MEMBER'S EQUITY	128,000
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 128,000</u></u>

The accompanying notes are an integral part of these financial statements.

THE OCEANAIRE BRAND, LLC
STATEMENT OF OPERATIONS
PERIOD FROM FEBRUARY 14, 2022 (INCEPTION) THROUGH JUNE 30, 2022

	<u>2022</u>
REVENUES	\$ -
OPERATING EXPENSES	-
OPERATING (LOSS)	<u>-</u>
OTHER INCOME (EXPENSE)	-
NET (LOSS)	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

THE OCEANAIRE BRAND, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
PERIOD FROM FEBRUARY 14, 2022 (INCEPTION) THROUGH JUNE 30, 2022

	<u>Member Contributions</u>	<u>Accumulated Earnings</u>	<u>Total Members' Equity</u>
BALANCE, February 14, 2022 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	128,000	-	128,000
Net (loss)	-	-	-
BALANCE, APRIL 30, 2022	<u><u>\$ 128,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 128,000</u></u>

The accompanying notes are an integral part of these financial statements.

THE OCEANAIRE BRAND, LLC
STATEMENT OF CASH FLOWS
PERIOD FROM FEBRUARY 14, 2022 (INCEPTION) THROUGH JUNE 30, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net (loss)	<u>\$ -</u>
Net cash provided by operating activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Member contributions	10,000
Net cash provided by financing activities	<u>10,000</u>
NET INCREASE IN CASH	10,000
CASH, BEGINNING	<u>-</u>
CASH, ENDING	<u><u>\$ 10,000</u></u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES	
OPERATING ACTIVITIES	
Prepaid franchise development costs	\$ (118,000)
FINANCING ACTIVITIES	
Member contributions	\$ 118,000

The accompanying notes are an integral part of these financial statements.

THE OCEANAIRE BRAND, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Oceanaire Brand, LLC ("Company") was formed on February 14, 2022, (Inception) in the State of North Carolina as a limited liability company. The Company grants franchises for the right to operate a real estate brokerage business that provides clients with the guidance and knowledge they need to make decisions comfortably and confidently regarding the purchase or sale of their real property.

Affiliates

EDYOPP, LLC, was formed on March 26, 2015, in the State of North Carolina. EDYOPP, LLC operates two THE OCEANAIRE REALTY businesses of the type offered by the company. EDYOPP, LLC does not offer and has never offered franchises in this or any line of business. EDYOPP, LLC shares certain employees with us.

EDYOPP, LLC owns all of the trademarks and service marks used by the Company and the Company's franchisees (the "Marks"). EDYOPP, LLC has granted us the exclusive license to use and sublicense the Marks on a worldwide basis (the "License Agreement"). The license continues until either party terminates by delivering written notice to the other or an earlier breach occurs.

Location Information

The following table summarizes the number of locations open and operating for period from February 14, 2022 (Inception) through June 30, 2022:

	<u>2022</u>
Locations in operation, beginning	<u>2</u>
Locations opened	-
Locations terminated or closed	<u>-</u>
Locations in operation, ending	<u>2</u>
Franchised locations	-
Affiliate owned locations	2

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company's customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact The Company's financial condition or results of operations is uncertain.

THE OCEANAIRE BRAND, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of June 30, 2022.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of June 30, 2022, and did not charge-off any accounts receivable during the four months ended June 30, 2022, and the period from February 14, 2022 (Inception) through June 30, 2022.

Prepaid Franchise Development Costs

The Company has incurred costs in developing the franchise and preparing to offer the franchise to qualified persons. These costs will be expensed at the point that the Company has started operations and is offering the franchise for sale.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at June 30, 2022.

THE OCEANAIRE BRAND, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets as of June 30, 2022.

Income Taxes

The member of the Company has elected to be taxed as a Disregarded Entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its member and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 – “Contracts with Customers”. The Company’s revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently ten years. The Company has no revenue from initial fees during period from February 14, 2022 (Inception) through June 30, 2022.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and are 5.5% of gross revenue per week, subject to minimum royalties as defined in the franchise agreement. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned. The Company has no revenue from royalties during the period from February 14, 2022 (Inception) through June 30, 2022.

THE OCEANAIRE BRAND, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Auxiliary Revenue

Fees charged by the company for products or other services is recognized as revenue upon delivery of the service or products to the franchisee and when receipt of payment for the services or products is relatively certain. The Company had no revenue from other auxiliary revenue for the period from February 14, 2022 (Inception) through June 30, 2022.

Brand Development Fund Contribution

The Company has the right to collect a brand development fund fee of up to 1.5% of gross revenues of each franchise location. Currently the fee is 1% of gross revenue. The Company had no contributions to the fund the period from February 14, 2022 (Inception) through June 30, 2022.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the period from February 14, 2022 (Inception) through June 30, 2022, was \$0.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through July 21, 2022, the date on which the financial statements were available to be issued.

EXHIBIT D

**STATE SPECIFIC ADDENDUM TO
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

If any one of the following Riders to the Franchise Agreement for Specific States (“Riders”) is checked as an “Applicable Rider” below, then that Rider shall be incorporated into the Franchise Agreement entered into by THE OCEANAIRE BRAND, LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider

☐ Virginia

THE OCEANAIRE BRAND, LLC

By:

Name:

Title:

FRANCHISEE (Print Name)

By:

Name:

Title:

VIRGINIA

Disclosure Document

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

EXHIBIT E

STATE AND FEDERAL REGULATORY AUTHORITIES

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA:

Commissioner of Financial Protection &
Innovation
Department of Financial Protection &
Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

CONNECTICUT:

Eric Wilder, Director of Securities
Connecticut Department of Banking
Securities & Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
Telephone: (860) 240-8233

HAWAII:

Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):

Tanya Solov, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority):

Lisa Madigan
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:

Chris Naylor, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
302 West Washington Street, Room E-111
Indianapolis, IN 46204
Telephone: (317) 232-6681

IOWA:

Jim Mumford, Securities Administrator
Director of Regulated Industries Unit
Iowa Securities Bureau
330 Maple Street
Des Moines, IA 50319-0066
Telephone: (515) 281-5705

MARYLAND (Registered Agent):

Maryland Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):

Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:

Minnesota Department of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory Authority):

New York State Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, NY 10005
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process):

Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:

North Dakota Securities Department
Fifth Floor State Capitol
Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

OKLAHOMA:

Oklahoma Securities Dept.
First National Center
120 N. Robinson Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700

RHODE ISLAND:

Division of Securities
1511 Pontiac Ave.
John O. Pastore Complex – Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre SD 57501
Telephone: (605) 773-3563

TEXAS:

Hope Andrade
Secretary of State
P.O. Box 12697
Austin, TX 78711-2697
Telephone: (512) 463-5701

UTAH:

Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
SM Box 146704
Salt Lake City, UT 84114-6704
Telephone: (801) 530-6601

VIRGINIA (Registered Agent):

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)

State Corporation Commission,
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Telephone: (804) 371-9051

WASHINGTON (Address for Service of Process):

Department of Financial Institutions
Securities Division
150 Israel Rd, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

WASHINGTON (Mailing Address):

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

WISCONSIN:

Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT F

SAMPLE GENERAL RELEASE

[This Agreement is a sample form currently in use and is subject to change. A release will be executed upon renewal and transfer.]

FULL AND FINAL GENERAL RELEASE

FOR AND IN CONSIDERATION of the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree to the following release:

1. The Franchisee and its successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, members, officers, directors, principals, employees, and affiliated parties (collectively, the "Franchisee Parties") do hereby release and forever discharge Franchisor, its, successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, members, officers, directors, principals, employees and affiliated parties (collectively, the "Franchisor Parties") from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties' obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Franchisor Parties.

2. Franchisee, on Franchisee's own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended

except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The parties hereby covenant and agree that each shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Each party understands and acknowledges that each other party's business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, each party further agrees that in addition to any other rights or remedies that any other party may possess at law, any aggrieved party shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by any other party hereto.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of North Carolina.

9. This Release may be executed in two copies, each of which shall be deemed an original.

IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR

IT FROM ASSERTING IT AGAINST FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR.”

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Franchised Business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

FRANCHISEE:

FRANCHISOR:

THE OCEANAIRE BRAND, LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G
ACH/EFT TRANSFER AGREEMENT

**AUTHORIZATION TO HONOR CHECKS AND DEBITS BY AND PAYABLE TO THE
FOLLOWING PAYEE(S):**

The undersigned depositor ("Franchisee" or "Payor") hereby authorizes THE OCEANAIRE BRAND, LLC ("Franchisor" or "Payee") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the bank designated below ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Name of Person or Legal Entity of Franchisee: _____
Bank: _____
Branch: _____
City: _____ State: _____ Zip Code: _____
Bank Transit/ABA Number: _____
Account Number: _____

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

FRANCHISEE/PAYOR:

By: _____
Name: _____
Title: _____
Date: _____

INDEMNIFICATION AGREEMENT

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.
2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
3. To defend at Payor's cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank's or Payee's participation therein.

BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED

EXHIBIT H

FIRST ADDENDUM TO FRANCHISE AGREEMENT (to be signed by a renewing franchisee concurrently with the Franchise Agreement)

[This Agreement is a sample form currently in use and is subject to change.]

THIS FIRST ADDENDUM (“Addendum”) to the Franchise Agreement dated as of the Effective Date (“Agreement”) between THE OCEANAIRE BRAND, LLC (“Franchisor”) and _____ (“Franchisee”) is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. **Franchised Location.** Franchisor has previously approved the Franchised Location as required pursuant to the Franchise Agreement. The Franchised Location is: _____.

2. **Lease Approval.** Franchisor has previously approved the lease for the Franchised Location as required pursuant to the Franchise Agreement and therefore waives the requirement for lease review and approval (and the associated lease review fee); provided, however, that if Franchisee enters into a new lease for the Franchised Location during the term of the Agreement, all lease review and approval requirements shall remain applicable.

3. **Commencement of Operations.** Franchisor and Franchisee acknowledge that the Franchised Location has commenced operations as required pursuant to the Franchise Agreement.

4. **Franchisor’s Development Assistance.** Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor’s obligation) to (1) assist Franchisee in choosing the Franchised Location and determining fulfillment of the requisite criteria for the Franchised Location, such determination based on information provided by Franchisee (including those obligations set forth in the Franchise Agreement; and (2) to provide opening support services listed in the Franchise Agreement .

5. **Remodeling.** Franchisee will complete the remodeling and renovations of the Business, at Franchisee’s expense, listed on Exhibit 1 to this addendum no later than 60 days following the Effective Date of the Agreement or at such different time as set forth in Exhibit 1.

6. **Release.** Franchisee, for itself, and its respective heirs, successors, assigns, agents and representatives, hereby fully and forever unconditionally releases and discharges Franchisor, and its predecessors, affiliates, successors, assigns, agents, representatives, employees, owners, officers, and directors (collectively referred to as “Franchisor Affiliates”) from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with

Franchisor or Franchisor Affiliates, however characterized or described, from the beginning of time until the date of this Addendum.

7. **Non-Disparagement.** Franchisee agrees not to, and to use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or Franchisor Affiliates or their respective current and former agents, principals, officers, directors, owners, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the OCEANAIRE brand, the OCEANAIRE system, or any other service-marked or trademarked concept of Franchisor, or which would subject the OCEANAIRE brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISEE:

FRANCHISOR:

THE OCEANAIRE BRAND, LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT I
AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER
[This Agreement is a sample form currently in use and is subject to change.]

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER (“Agreement”) made among THE OCEANAIRE BRAND, LLC (“Franchisor”), **[SELLER NAME(S) OR ENTITY NAME]** (“Seller”), and **[BUYER NAME(S) OR ENTITY NAME]** (“Buyer”), and, if any, the undersigned Guarantors, effective as of the Effective Date.

RECITALS

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated **[date of seller franchise agreement]** (the “Seller Franchise Agreement”), governing the operation of the _____ business located at **[Business address]**, Business # _____ (“Franchised Location”);

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated **[date of buyer franchise agreement]**, Business # _____ (as amended, the “Buyer Franchise Agreement”);

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated **[date of Asset Purchase Agreement]** (the “Purchase Agreement”), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Franchised Location (the “Interests”) and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Location (collectively, the “Transfer”); and

D. Seller and the guarantors of the obligations of Seller (the “Seller Guarantors”) have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

E. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date.** The Effective Date will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer.

2. **Proposed Transfer.** Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the “Purchase Agreement,” a copy of which has been provided to Franchisor by Seller and Buyer. Seller and Buyer represent and warrant that the form of Purchase

Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

3. Conditional Consent; Release of Guaranty. The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after the Effective Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("Closing"):

a. Franchise Agreement. The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Franchised Location will thereafter be governed by the Buyer Franchise Agreement;

b. Payment of Amounts Due. Seller will pay all amounts due and owing to Franchisor through the date of Closing; including but not limited to past due royalty and Brand Fund contributions in the amount of \$ _____;

c. Transfer Fee. Seller shall pay a transfer fee of \$ _____ as provided in the Seller Franchise Agreement;

d. Financial Statements. Seller will provide Franchisor with all required monthly financial statements for the Franchised Location through the date of Closing;

e. Training. Buyer or Buyer's designated representative(s) shall have satisfactorily completed the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

f. Right to Possession. Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the Franchised Location by way of lease assignment (with **all** required landlord consents) or otherwise;

g. Site Selection Assistance. Buyer acknowledges and agrees that Franchisor has satisfied any and all obligations under the Buyer Franchise Agreement with respect to site selection and development assistance;

h. Remodeling. Seller and Buyer shall ensure that all of the items reflected on the Pre-Sale Inspection which is attached hereto have been completed;

i. Purchase Agreement. The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

j. Buyer Loans. Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Franchised Location; and

k. **Franchised Location Possession.** Prior to Closing and changing possession of the Franchised Location, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. **Waiver of Right of First Refusal.** Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. **Release of Franchisor.** Seller, the Seller Guarantors and Buyer, and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, area directors and agents and their respective employees, owners, members, officers, directors, successors, assigns, guarantors and other representatives (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of this Agreement, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein.

If the Franchised Location is located in California or if either Buyer or Seller is a resident of California, the following shall apply:

Section 1542 Acknowledgment. It is the intention of Seller and Buyer in executing this Agreement that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by Seller and/or Buyer. Each of Seller and Buyer recognizes that he, she or it may have some claim, demand or cause of action against the Release Parties of which he, she, or it is totally unaware and unsuspecting, which he, she or it is giving up by executing this Agreement. It is the intention of each of Seller and Buyer in executing this instrument that it will deprive him, her or it of such claim, demand or cause of action and prevent him, her or it from asserting it against the Released Parties. In furtherance of this intention, Seller and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Each of Seller and Buyer acknowledges and represents that he, she, or it has consulted with legal counsel before executing this Agreement and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

6. **Termination of Seller Franchise Agreement and Guaranties.** Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall

have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

- a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or
- b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement).

7. **Acknowledgment.** Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

8. **Additional Documents.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

9. **Miscellaneous Provisions.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of North Carolina. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

10. **Non-Disparagement.** In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former owners, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, owners, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the OCEANAIRE brand, the OCEANAIRE system, or any other service-marked or trademarked concept of Franchisor, or which would subject the OCEANAIRE brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

THUS signed by the parties shown below and made effective as of the Effective Date.

SELLER:

By: _____
Name: _____
Title: _____
Date: _____

SELLER GUARANTORS:

BUYER:

By: _____
Name: _____
Title: _____
Date: _____

BUYER GUARANTORS:

ACCEPTED:

THE OCEANAIRE BRAND, LLC

By: _____
Name: _____
Title: _____
Date*: _____

*This date is the Effective Date

EXHIBIT J
SBA ADDENDUM

SOP 50-10 5(j)

Appendix 9



ADDENDUM TO FRANCHISE¹ AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20____, by and between THE OCEANAIRE BRAND, LLC (“Franchisor”), located at 24 Cabarrus Ave. East, Suite 2100, Concord, North Carolina, 28025 and _____ (“Franchisee”), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

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renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018

EXHIBIT K

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EXHIBIT L

FORM OF FRANCHISE COMPLIANCE CERTIFICATION

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”), Franchise Agreement and each Addendum (if any), and related agreement (i.e., personal guaranty) attached to them?

Yes or No? _____

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?*

Yes or No? _____

* This does not include changes to any agreement mutually agreed upon.

3. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

Yes or No? _____

4. Do you understand all of the information contained in the FDD, Franchise Agreement and each Addendum (if any), and related agreement provided to you?

Yes or No? _____

If No, what parts of the FDD, Franchise Agreement, Addendum (if any), and/or related agreements do you not understand?

5. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No? _____

6. Have you discussed the benefits and risks of purchasing a THE OCEANAIRE REALTY franchise with an attorney, accountant or other professional advisor?

Yes or No? _____

If No, do you wish to have more time to do so?

Yes or No? _____

7. Do you understand that the success or failure of your THE OCEANAIRE REALTY franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a THE OCEANAIRE REALTY franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a THE OCEANAIRE REALTY franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a THE OCEANAIRE REALTY franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

11. If you have answered "Yes" to any one of questions 8-10, please provide a full explanation of each "Yes" answer in the following blank lines.

12. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning THE OCEANAIRE REALTY franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes or No? _____

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

13. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? _____

14. You signed the Franchise Agreement, and Addendum (if any) and related agreements on _____, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF ILLINOIS AND FRANCHISED BUSINESSES LOCATED IN ILLINOIS: Questions 1 and 5 do not apply to you.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: None of the above representations are intended to nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISE APPLICANT:

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

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:

STATES	EFFECTIVE DATE
California	Not Registered
Florida	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Utah	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	Not Registered

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.

EXHIBIT M
RECEIPT

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

If THE OCEANAIRE BRAND, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 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 THE OCEANAIRE BRAND, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of the franchisor is: THE OCEANAIRE BRAND, LLC, 1417 Millstone Landing Drive, Raleigh, NC 27603, 919-608-2760.

Issuance Date: July 25, 2022

The name, principal business address and telephone number of each franchise seller offering the franchise is:

☐	☐	☐
Doug Yopp		
1417 Millstone Landing Drive	_____	_____
Raleigh, NC 27603	_____	_____
919-608-2760	_____	_____

THE OCEANAIRE BRAND, LLC, authorizes the state agencies identified on Exhibit E as our registered agent authorized to receive service of process.

I have received a disclosure document dated : July 25, 2022 that included the following: Exhibit A – THE OCEANAIRE BRAND, LLC Franchise Agreement, with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Internet, Social Media, and Telephone Assignment), Attachment 4 (Guaranty), and Attachment 5 (Nondisclosure and Noncompetition Agreement), Exhibit B-1 -- Business Directory/Listing of Current Franchisees, Exhibit B-2 -- Listing of Certain Past Franchisees, Exhibit C -- Financial Statements, Exhibit D -- State Specific Information, Exhibit E -- Federal And State Regulators And Agents For Service of Process, Exhibit F – Sample General Release Agreement, Exhibit G -- ACH/EFT Transfer Agreement, Exhibit H -- First Addendum to Renewal Franchise Agreement, Exhibit I -- Agreement and Conditional Consent To Transfer, Exhibit J – Small Business Administration Addendum, Exhibit K – Confidential Operations Manual Table of Contents, Exhibit L – Statement of Prospective Franchisees, Exhibit M -- Receipt

Date

Prospective Franchisee

Individually and as an officer, partner, member or manager of _____, a _____
organized under the laws of _____.

You may return one copy of this receipt either by signing, dating and mailing it to Franchise Administration, at THE OCEANAIRE BRAND, LLC, 1417 Millstone Landing Drive, Raleigh, NC 27603, franchise@theoceanairebrand.com.

RECEIPT

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

If THE OCEANAIRE BRAND, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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Date	Prospective Franchisee
Individually and as an officer, partner, member or manager of _____, a _____	
organized under the laws of _____.	

You may return one copy of this receipt either by signing, dating and mailing it to Franchise Administration, at THE OCEANAIRE BRAND, LLC, 1417 Millstone Landing Drive, Raleigh, NC 27603, franchise@theoceanairbrand.com.