

FRANCHISE DISCLOSURE DOCUMENT



Valbridge Property Advisors Franchising System, LLC
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As a franchisee of Valbridge Property Advisors Franchising System, LLC, you will operate a business that appraises commercial, industrial, and residential real property, closely-held businesses, and tangible property, such as furniture and equipment, and provides consulting services relating to those assets and improving the value of them. We may also require you to provide other related products or services during the time you are a franchisee.

The total investment necessary to begin operation of a franchised business ranges from ~~\$54,270~~\$50,558 to ~~\$138,784~~\$141,127. This includes ~~\$29,720~~\$26,208 to ~~\$76,784~~\$79,127 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Richard Armalavage, Manager, at rarmalavage@valbridge.com, 2240 Venetian Ct., Naples, FL 34109, telephone number (239) 514-4646.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant before making a decision.

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 Georgia~~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 be laws on franchising in your state. Ask your state agencies about them.

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~~V20200301~~0608

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 C and D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E 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 Valbridge Property Advisors 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 Valbridge Property Advisors franchisee?	Item 20 or Exhibits C and D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Florida Law Governs the Franchise Agreement**. The franchise agreement states that Florida law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
3. **Minimum Sales Performance Levels**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Special Risks to Consider About *This* Franchise

Certain States may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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Item 1. **The Franchisor and Any Parents, Predecessors, and Affiliates**

To simplify the language in this disclosure document, “we,” “us” and “our” means Valbridge Property Advisors Franchising System, LLC, the franchisor. “You” or “your” means the person or legal entity who is considering the franchise. If you are a legal entity, certain provisions of the Franchise Agreement and its attachments apply to your shareholders, members, partners, officers, or directors. These provisions are noted.

The Franchisor

We are a Florida limited liability company formed on January 24, 2013. We maintain our principal business address at 2240 Venetian Ct., Naples, FL 34109.

Our parent is Valbridge Property Advisors, Inc., a Florida corporation. It was formed on September 9, 2011, as Cambridge Property Advisors, Inc. The address of our parent is 2240 Venetian Ct., Naples, FL 34109.

Data Appraise Systems

Data Appraise Systems, LLC, is a Florida limited liability company (“**Data Appraise**”) that was formed on July 15, 2014, as VPA Dapp Acquisition, LLC. Data Appraise is wholly owned by our parent.

Data Appraise licenses software and provides services to our franchisee and other firms. The principal business address of Data Appraise Systems, LLC, is 2240 Venetian Ct., Naples, FL 34109.

Data Appraise has not conducted business in any other line of business and has never offered franchises in any line of business.

Data Solutions

Valbridge Property Advisors Data Solutions, LLC, is a Florida limited liability company (“**Data Solutions**”) that was formed on May 5, 2017, and is wholly owned by our parent.

Data Solutions licenses real property data to and from our franchisees. The principal business address of Valbridge Property Advisors Data Solutions, LLC, is 2240 Venetian Ct., Naples, FL 34109.

Data Solutions has not conducted business in any other line of business and has never offered franchises in any line of business.

Valbridge TUCO Investor

Valbridge TUCO Investor, LLC, is a Florida limited liability company (“**VTI**”) that was formed on February 4, 2020, and is wholly owned by our parent.

VTI holds an equity interest in TUCO TEC, LLC, a [DenverColorado limited liability company and licensee of our Parent. TUCO TEC, LLC, providingprovides](#) an automated valuation model [and operating under a Valbridge the Valbridge](#) service mark [Valnow](#). The principal business address of Valbridge TUCO Investor, LLC, is 2240 Venetian Ct., Naples, FL 34109.

VTI has not conducted business in any other line of business and has never offered franchises in any line of business.

We have no other affiliates that are selling franchises in any line of business or that will provide products or services to you.

Predecessors

The predecessor of our parent is Cambridge Property Advisors, Inc., a Delaware corporation. It was formed on June 2, 2011, was merged into our parent on July 23, 2012, and is no longer in existence. The address of our predecessor was 20 William Street, Ste. 320, Wellesley, MA 02481.

Name

We do business under the name Valbridge Property Advisors Franchising System, LLC, and the trade name *Valbridge Property Advisors*. We do not do business under any other name.

Agents for Service of Process

Our agent for service of process in the State of Florida is Richard Armalavage, and our registered office in the State of Florida is 2240 Venetian Ct., Naples, FL 34109. Corporation Service Company is our agent for service of process in the following states: California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Carolina, [North Dakota](#), South Carolina, Virginia, Washington, and Wisconsin (see Exhibit A, hereto).

Our franchised business

We franchise the right to operate an appraisal practice that engages in:

- (1) ~~the~~ appraisal of commercial, industrial, multi-family and residential real property;
- (2) ~~business valuation; or~~
- (3) ~~appraisal of, businesses and their equity, and~~ business furniture, fixtures, equipment, machinery, and other personal property assets.

~~The appraisal practice also engages in,~~ appraisal consulting, appraisal reviews, evaluations to develop opinions of value, and providing appraisal related expert testimony.

Franchisees are not permitted to engage in appraisal management company, [\("AMC"\)](#), real estate brokerage, or any other business through your franchised business operations other than those expressly permitted by us. ~~Appraisal management company~~ [AMC](#) activities means overseeing and administering a network or panel of appraisers to value properties collateralizing mortgage loans or mortgages, where ~~you utilize~~ [the AMC utilizes](#) criteria determined by ~~your~~ [its](#) customer or applicable laws, rules, or regulations, such as FIRREA, to determine the qualifications of the appraisers eligible to be a network or panel member. ~~Appraisal management company~~ [AMC](#) activities may also include conducting appraisal reviews for a customer to ascertain compliance with applicable laws, rules, or regulations, recruiting, selecting, and retaining appraisers, contracting with licensed and certified appraisers to

perform appraisal assignments, managing the process of having an appraisal performed, or reviewing and verifying the work of appraisers. Typically, though not in all cases, if you engage in ~~appraisal management company~~AMC activities you may be required by law to register with applicable regulatory authorities.

Real estate brokerage activities involve the listing, marketing, and brokering of real estate.

We only grant franchises to ~~persons~~ a person who has, or ~~entities with~~ to an entity where at least one owner, ~~who holding not less than ten percent of such entity has~~, for at least the two past years: (1) ~~have~~ been regularly engaged on a full-time basis in the business of appraising property of the type or types that the franchised business will appraise; and (2) ~~hold~~ (2) holds all licenses necessary to do so.

Our Experience

We began offering Valbridge franchises in 2013. Neither we nor our parent or predecessor have engaged in any other line of business or offered franchises in any other line of business in the past. Neither we, our parent, nor our predecessor operated a business of the type being franchised ~~or engage in any other business activities~~, except for franchising the franchised business. We engage through subsidiaries in other businesses that are related to the appraisal practice activities, including maintaining a property database through Data Solutions and an appraisal automated report writing software-as-a-service platform through Datappraise that we require our franchisees to utilize. Neither we, our parent, our sibling entities, nor our predecessor engage, or have engaged, in the appraisal business.

Our managers and the officers and directors of our parent currently operate independently owned businesses that are franchisees of ours and engage in the appraisal business ~~of appraising commercial and residential real property~~ (see Item 2- below). All of these businesses are franchisees of ours.

We also provide licensees to operate an appraisal practice under a trademark license permitting them licensees to use certain of our trade and service marks and trade secrets. We only enter licenses in states where our franchise must be registered, and where we have ~~not~~ elected not to do so. In such cases our licensees are not bound to ~~many~~ most of the requirements and restrictions set forth in the franchise agreement.

The Franchise

You will convert your existing appraisal practice into a Valbridge Property Advisors franchised business for the property type or types that your practice currently appraises. You must operate the Valbridge Property Advisors franchised business according to our standards and specifications, and you must sign our standard Franchise Agreement and attachments (Exhibit B).

Competition

Your customer market will be primarily owners of real property and businesses, banks and other lenders, insurance companies, trusts and estates, and others engaged in the ownership, management, and brokerage of real estate, and in appraisal management.

The market for rendering appraisals is well-developed and very competitive. You will be competing with many other local, regional, and national independent and franchised companies that provide similar services. Before signing a Franchise Agreement, you should survey your market to determine the number and quality of competitors.

Laws and Regulations

~~Certain~~Many, if not most, states and other governmental entities require appraisers to be licensed. You must be licensed to appraise properties of the type for which you engage in the franchise business in those jurisdictions that require licensure if either your office will be located in that jurisdiction₁ or you will conduct appraisals there.

You must also be licensed as an appraiser to conduct an appraisal of real property for federally related lending transactions.

Appraisals are generally conducted in accordance with Uniform Standards of Professional Appraisal Practice, also known as “USPAP”₁ and other rules and regulations applicable to the property type that is the subject of the appraisal, though there are instances when USPAP is not applicable.

You must comply with all federal, state₁ and local laws, rules₁ and regulations in the operation of the franchised business. Types of generally applicable ~~law~~laws include health and sanitation₁ immigration laws₁ tax laws₁ unemployment and workers’ compensation laws₁ workplace safety laws₁ employment and discrimination laws₁ disability laws₁ environmental laws₁ building codes, zoning codes and the Americans With Disabilities Act. We urge you to consult with a local attorney about state and local laws and regulations as these vary by locality.

Item 2. **Business Experience**

Our Managers.

Richard Armalavage

Mr. Armalavage holds the MAI designation (a designation awarded by the Appraisal Institute) and is a manager of Armalavage Valuation, LLC (f/k/a Armalavage & Associates, Inc.), located in Naples, Florida (1987 to present). He has 37more than 40 years of experience in real estate valuation, analysis₁ and consulting.

Officers of Our Parent

Richard Armalavage, President₁ and Chief Executive Officer.

Mr. Armalavage holds the MAI designation and is a manager of Armalavage Valuation, LLC (f/k/a Armalavage & Associates, Inc.), located in Naples, Florida (1987 to present). He has 37more than 40 years of experience in real estate valuation, analysis₁ and consulting.

David Brooks, Senior Vice President.

Mr. Brooks holds the CRE (Counselor of Real Estate) and MAI designations, and is the owner of VBW Metro, LLC, (Valbridge Property Advisors | Baltimore Washington Metro), located in Marriottsville, Maryland (2016 to present). Prior to forming Baltimore Washington Metro, Brooks was a member of Lipman Frizzell & Mitchell, LLC (a former franchisee of Valbridge Property Advisors) from 1978 to 2016. He has been an appraiser since 1978 and is the past President of the Maryland Chapter of the Appraisal Institute.

Karlene Perry, Vice President, Finance and Operations.

Ms. Perry is an officer and shareholder of Auble, Jolicoeur & Gentry, Inc., located in Spokane and The Tri-Cities/Columbia Basin, Washington, and Coeur d'Alene, Idaho (2001 to present). She has over 21 years business management experience in commercial appraisal companies in Washington state, Idaho, and Southern California.

Paul Gilliam, Vice President of Financial Modeling.

Mr. Gilliam holds the MAI designation (2015) and is a state-certified general appraiser in Texas. Since 2007 he has been an appraiser with Gerald A. Teal Company located in Houston, Texas, and became a shareholder in 2021. He focuses his practice in valuation of office, health care, institutional properties, and special-use properties, and provides feasibility and market rent studies, business interruption loss analysis, studies relating to diminution in market value from a variety of sources, and equal and uniform analysis for real estate tax protests. He has a BBA in Finance (2006) and has over 1215 years of experience in real estate valuation, analysis, and consulting.

Karl Finkelstein, Vice President, Marketing and Business Development.

Mr. Finkelstein holds the MAI designation and is the managing member of Atlantic Appraisals, LLC, located in Charleston, South Carolina (1998 to present). He has over 18 years of experience in real estate valuation, analysis, and consulting.

Directors of Our Parent

Lawrence J. Colorito (Chairman of the Board of Directors, Director)

Mr. Colorito holds the MAI designation and is a professional Member of Royal Institute of Chartered Surveyors (MRICS). He is a co-founder and managing member of Axial Advisory Group, LLC, located in Chesapeake, Virginia, (2002 to present). Mr. Colorito has over 26 years of experience in real estate valuation, analysis, and consulting.

Laird Goldsborough (Board Vice Chair)

Mr. Goldsborough holds the MAI designation and is the Senior Managing Director of Shaner Appraisals, Inc. (1990 to present) located in Overland Park, Kansas. He has over 3031 years of experience in real estate valuation, analysis, and consulting.

Norman C. Hulberg

Mr. Hulberg holds the MAI designation and is a shareholder and the president of Hulberg & Associates, located in San Jose, California (1976 to present). He has more than 40 years of experience in real estate valuation, analysis, and consulting.

Scott R. Tew

Mr. Tew holds the MAI designation and is the founder and Executive Managing Director of Capstone Valuation Advisors, LLC (2012 to present), one of the largest and most respected commercial appraisal firms in Florida. In 2019, Capstone became part of Valbridge Property Advisors. Mr. HeTew has over 25 years of experience in real estate valuation, analysis, and consulting, including senior leadership positions at a variety of publicly and privately-owned commercial appraisal firms such as CBRE and Grubb & Ellis, and holds undergraduate and graduate degrees in real estate and finance from the University of Florida.

~~undergraduate and graduate degrees in real estate and finance from the University of Florida.~~

Karlene Perry

~~Ms. Perry is an officer and a shareholder of Auble, Jolicoeur & Gentry, Inc., located in Spokane and The Tri-Cities/Columbia Basin, Washington, and Coeur d'Alene, Idaho (2001 to present). She has over 22 years of business management experience in commercial appraisal companies in Washington state, Idaho and Southern California.~~

Lawrence W. Mitchell

~~Mr. Mitchell holds the MAI designation and is the Senior Managing Director of VPA St. Louis | Indiana (Mitchell Appraisals, Inc.) (1994 to present), an appraisal and consulting firm. He has been President of the Metropolitan Indianapolis Board of Realtors, Indiana Commercial Board of Realtors and Hoosier State Chapter of the Appraisal Institute. Mr. Mitchell holds a Bachelor of Science in Computer Integrated Manufacturing from Purdue University and has over 25 years of experience in real estate valuation, analysis and consulting.~~

Brett E. Weatherbie

Mr. Weatherbie holds the MAI [designation and AI-GRS designations](#), is a state-certified general real estate appraiser in Texas, and has been in the appraisal and valuation business since 2003. He is a principal and a Senior Managing Director for Valbridge Property Advisors | San Antonio (2004 to present). His practice includes all aspects of real estate valuation, consulting, appraisal review litigation support and expert witness testimony. Mr. Weatherbie is a past president of the South Texas Chapter of the Appraisal Institute and currently serves on the Appraisal Institute's Leadership Development & Advisory Council Planning Committee. He received a Bachelor of Arts in Psychology from Auburn University in 1996.

Reaves C. Lukens, III (Trip)

Gary Barker

Mr. [LukensBarker](#) holds the MAI designation, [SRA \(Senior Residential and is the Senior Managing Director of VPA Cleveland \(Akron Appraisal Group, Inc.\)\). He has been an active commercial real estate appraiser since 1993 and Certified General Appraiser in Ohio since 1994. Mr. , awarded by Barker holds a BSBA from The Ohio State University with a double major in Real Estate and Finance. He has served as Education chairman of Northern Ohio Chapter of the Appraisal Institute} and is currently an MAI Candidate Advisor.](#)

Jeff Miller

[Mr. Miller holds the MAI designation. Mr. CRE \(Counselor of Real Estate\), Miller has been in valuation and advisory services since 1991. He has been a loan originator for life insurance and CMBS lenders, and regional reviewer for a life insurance company. Mr. Miller's specialties include complex income properties, litigation work and estate planning. Mr. Miller is a state certified general appraiser in Georgia, and the four surrounding states, and is a licensed broker in Georgia. Mr. Miller is a board member of Lukens & Wolf, LLC, located in Philadelphia, Pennsylvania \(2011, and past president, of the Atlanta Chapter of](#)

the Appraisal Institute and a USPAP instructor. Mr. Miller is a graduate of the University of Alabama.

John E. Hall III

Mr. Hall holds the MAI designation and is the Senior Managing Director (1994 to present). He has over 27) of Real Estate Appraisers, LLC, a franchisee of Valbridge Property Advisors since 2013. Mr. Hall has 28 years of commercial appraisal experience in appraisal and consulting for multi-family units, retail buildings and shopping centers, office and industrial buildings, and special purpose properties.

Joanne Montgomery

~~Ms. Arthur L. Schwartz~~

Montgomery has been employed with VPA of Shaner Appraisals, Inc., since 2013, and is currently its President. Prior to that time, Ms. Montgomery worked in business operations and management for large corporations and her family's small business. She is the past President of the Valbridge Women's Council, currently serves as the Chair of the Mentorship Committee for the Valbridge Women's Council, and is a member of the Valbridge Diversity, Equity, and Inclusion Committee, and Valbridge Future Leaders.

~~Mr. Schwartz holds the MAI designation, was the President of The Adalia Corporation (1999 to present), and is the President of VPA of South Louisiana, Inc., a Louisiana corporation (2016 to present). From 2009 to 2016, Mr. Schwartz was the Senior Managing Director of Argote, Derves, Graham, Shuffield & Tatje, Inc., located in Louisiana. He has over 26 years of experience in real estate valuation, analysis and consulting.~~

Item 3. Litigation

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**

At the time you sign the franchise agreement, you must pay us:

- 1.) a franchise fee of \$17,500.00,
- 2.) a technology fee of \$2,500,
- 3.) a first-year premium of between \$1,896,596 and \$38,094,33,580 plus an administrative fee of five percent (5%) of the premium due for the errors and omissions insurance policy secured by us and covering us and you,
- 4.) an initial Deductible Reserve Contribution Fee of between \$25442 and \$5,0902,347 to be used to establish and replenish a deductible reserve that is used by us to pay any deductible becoming due from us under the errors and omissions insurance policy, and
- 5.) a first month's real estate database license fee of between \$285 and \$400425 for each appraiser and other appraisal related professional that you employ or engage as a contractor.

At the time you sign the franchise agreement, you must pay our affiliates:

- 1.) ~~—a first-year~~ subscription fee of \$500 per appraiser providing services to your franchised business (whether as an employee or a contractor), plus \$200250 per support staff providing services to your franchised business (whether as an employee or a contractor), to Data Appraise, and
- 2.) a database fee of \$5,000~~between \$3,750 and \$15,500~~ for the ~~transfer~~conversion of the digital real estate data maintained and utilized by ~~your franchised business~~you prior to becoming a franchisee, to ~~Data Solution~~the Valbridge Database.

The initial franchise fee, initial technology fee, ~~the~~ first-year premium for the errors and omissions insurance, and the Deductible Reserve Contribution Fee are fully earned and non-refundable at the time you sign the Franchise Agreement.

The ~~first-year~~ subscription fees and the database fee are fully earned and non-refundable at the time you sign the Data Appraise SaaS Software Services and License Agreement (Exhibit F to the Franchise Agreement), and the Database Access and License Agreement (Exhibit G to the Franchise Agreement), respectively.

Initial Franchise and Initial Technology Fees

The initial franchise fee has ranged from \$0 to \$17,500 over the past twelve months, and the initial technology fee ranged from \$0 to \$2,500 over the past twelve months.

We have permitted some new franchisees to delay payment of the initial franchise fee and the initial technology fee until they have achieved an agreed upon amount of revenues, added an owner or transferred an ownership interest, sold, or closed their appraisal practice, or terminated or renewed their franchise agreement.

The initial franchise fee and initial technology fee are used by us to meet our initial obligations to you under the Franchise Agreement, including: to pay our expenses incurred in providing you with: (1) digital templates containing the Valbridge Mark, for your use in business correspondence, sales and marketing materials; (2) advice concerning the transition of your present appraisal business into the franchised business; (3) advice and information concerning sources of supply for materials to be used in the operation of

the franchised business; (4) instructions and training on how to: (a) operate the franchised business; (b) subscribe to the Datapraise SaaS; ~~(d, (c)~~ subscribe to the Data Solutions real estate information database; and (d) access and use the Technology Infrastructure that you will be required to use in the operation of the franchised business; (5) the specifications for required equipment (e.g., computer system) that may be necessary to utilize such Technology Infrastructure; (6) other relevant manuals and written materials we provide for the operation of the franchised business; and (7) a listing of your franchised business and the qualifications of your employees on the website maintained by us. We will also use the balance of the initial fee left after providing the above-described items and information, if any, for general working capital for the operation of our business.

Errors and Omissions Insurance Premium and Deductible Reserve Contribution Fee

We maintain a professional liability insurance policy covering us and our franchisees for the appraisal and related professional services that are authorized to be performed by our franchisees and licensees in accordance with the franchise agreement or license agreement. The current policy is issued by an insurance company that is not affiliated with us and covers claims reported during the policy period from April 22, ~~2020~~2022, to April 21, ~~2021~~2023. This policy has limits of liability of \$5 million per claim and \$5 million for the aggregate of all claims, and a deductible of \$25,000 on the first claim and \$25,000 for each subsequent claim for the policy period. The initial premium is used by us to pay the premiums that become due on this policy. The Deductible Reserve Contribution Fee is used by us to establish and replenish a reserve to: (1) pay the deductible that is due from us in the event of a claim in which we are a defendant; and (2) loan up to \$20,000 each to one or more franchisees in the event of a claim against a franchisee where the franchisee is unable to pay the full amount of the deductible on the policy. Each loan made to a franchisee from the deductible reserve bears interest and must be repaid no later than three years after the making of the loan. The principal amounts of repaid deductible reserve loans are returned to the deductible reserve. The premium and deductible reserve contribution fee for the period from the time you sign the Franchise Agreement until the policy renewal date are set by us prior to the time you sign the Franchise Agreement in an amount that is based on the anticipated increase in the premium arising from covering your business ~~by~~under the policy and our estimate of a reasonable reserve based on the policy deductible. The reserve is currently set at four times the amount of the policy deductible. The premium for the policy is set by the insurance company issuing the policy and is prorated based on the time left under the current policy at the time you sign your franchise agreement. Your franchised business will be covered under our professional liability insurance policy after you ~~have commenced~~commence operations.

Data Appraise Systems Fees and Data Conversion Costs

You must pay Data Appraise, our affiliate, ~~fees:~~ (1) a fee for use of the software-as-a-service, known as "Datapraise," and ~~for~~ a license to use related desktop software for the first year.

and (2) the costs to transfer the digital real estate related data utilized by your business prior to becoming a franchisee into the Data Solutions database so it will be accessible via Datappraise.

The amount due Data Appraisefee for the use of Datappraise and the license to the related desktop software for the first year is \$500 per appraiser employed or engaged as a contractor by your franchised business, and ~~\$200~~250 per support staff employed or engaged by your franchised business. The initial fees are fully earned and non-refundable at the time you pay them to Data Appraise Systems.

Data Solutions Real Estate Information Database Fees

~~You must pay Data Solutions, our affiliate, a one-time fee of~~

~~The cost for the conversion of your real estate related data is based on the structure and amount of data to be converted and is typically billed at an hourly rate by an unaffiliated third-party vendor that has been approved by Data Appraise Systems. We estimate the minimum cost to be \$3,750 based on converting an existing appraisal software database of up to 10,000 records in a format utilized by a common existing software known as *Datacomp*. We estimate the cost for the conversion of an existing database of up to 50,000 records that are also in a *Datacomp* format to be approximately \$15,000. It is not possible to determine the exact amount of this fee without information about the type of the database to be converted and the number of records in that database. The cost will be estimated once we have information about your data and the estimated amount is held as a deposit to be applied to those costs. If the costs exceed the estimate, you are responsible to reimburse Data Appraise Systems for those costs. If the costs are less than the estimate, Data Appraise Systems will refund the excess to you.~~

~~\$5,000 for the transfer of the digital real estate related data utilized by your business prior to becoming a franchisee into the Data Solutions database, and for a license to access other the digital real estate related data maintained by Data Solutions on its database. The fee is fully earned and non-refundable at the time you pay it to Data Solutions.~~

Real Estate Information Database License from CoStar.

We contract with and pay CoStar Group, Inc., an unrelated entity, for access to a nationwide real estate information and transaction related database and a license to use the data for appraisal related activities. We make the database and license available to our franchisees and licensees in exchange for a Real Estate Database License Fee. The fee varies depending on a number of factors, including whether you had an existing contract with CoStar Group, Inc., at the time you become a franchisee. The fee is the greater of the fee that you paid on your existing contract or the amount you would have to pay under our contract. The fee payable under our contract is between \$285 and ~~\$400~~\$425 per month for each appraiser and appraisal related employee or contractor you employ or engage (each being referred to as a 'seat'), depending on the size or your territory. See Item 6, Note 10 for additional information. The fees are payable by you to use each calendar month and are fully earned and non-refundable at the time you pay them to us.

Item 6. Other Fees

Fee	Amount	Due Date	Remarks (See Note 1)
Base Royalty	\$20,000 per year for the first year of your franchise, \$22,000 per year for the second year of your franchise, and \$24,200 per year for the third year of your	On or before the 1st day of every month.	See Notes 2 and 5.

	franchise.		
Royalty	\$0 to unlimited.	On or before the 1st day of every month.	See Notes 3, 4 and 5.

<u>Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks (See Note 1)</u>
Marketing Services Fee	Up to one third of the then current Base Royalty.	On or before the 1st day of every month.	See Note 6.
Technology Services Fee	Up to one third of the then current Base Royalty.	On or before the 1st day of every month.	See Note 7.
Datappraise Software-as-a-Service	For the first year, a fee of \$500 per appraiser and \$200 250 per support staff employed by you. Thereafter, a for each year.	One time annually on or before the effective date of your SaaS Software Services and License <u>Agreement, and on each anniversary of the effective date of that agreement.</u>	See Note 8. This amount is paid to Data Appraise Systems, LLC, our affiliate, and is subject to change. Data Appraise Systems may change the renewal fees on 60 days' notice to you. <u>However, the fees will not be greater than the highest amount charged by Data Appraise Systems to its customers who are not our franchisees.</u>

<u>Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks (See Note 1)</u>
	renewal fee of \$300 per appraiser and \$200 per support staff employed by you.	Agreement, and on each anniversary of the effective date of that agreement.	initial fees and renewal fees will not be greater than the highest amount charged by Data Appraise Systems to its customers who are not our franchisees.
Data Solutions Database Access Fee	\$0 to \$250.00.	On or before the first day of each calendar month.	See Note 9. This amount is paid to Valbridge Property Advisors Data Solutions, LLC, our affiliate, and is subject to change. The access fee will not be more than \$250.00 during the first year you sign the Database Access and License Agreement (Exhibit G to the Franchise Agreement). The fee may increase after that first year.
Real Estate Database License	\$285 to \$400 425 <u>per user per month.</u>	On or before the 1st day of every month.	See Note 10. Payable for each appraiser and appraisal related employee that you (e.g., trainee, analyst, etc.) <u>that you employ and each contractor that you employ and contractor that you engage on an exclusive basis. engage to provide similar services.</u>
Late Report Fee	\$250.00	On or before the first day of the next calendar-month.	Payable if you do fail to file a required report more than ten <u>(10) twenty (20) business</u> days after its due date.

Renewal Fee	\$69.44 to \$2,500.00	At the time you enter a renewal Franchise Agreement.	Payable only if we and you elect to enter a new Franchise Agreement at the end of the term of your Franchise Agreement. See Note 11.
Annual Meeting Fee	\$900.00 for the first franchise year, \$975.00 for the second franchise year, and \$1,025 for the third and each subsequent franchise year.	On or before January 30 of each calendar year during the term of your franchise.	Provides admission to one franchisee owner for one franchisee meeting per calendar year. See Note 12.
Training Fee	Up to \$1,000.00 per person attending training.	Fifteen (15) days after presentation of invoice.	Payable as tuition or a training fee for each person from your franchised business attending a training or course. In addition, you must pay your related costs including travel, meal and lodging expenses.

<u>Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks (See Note 1)</u>
<u>Training Fee</u>	<u>Up to \$1,000.00 per person attending training.</u>	<u>Fifteen (15) days after presentation of invoice.</u>	<u>Payable as tuition or a training fee for each person from your franchised business attending a training or course. In addition, you must pay your related costs including travel, meal, and lodging expenses.</u>
Special Assistance	Our actual cost	Fifteen (15) days after presentation of invoice.	Payable only if you request special assistance from us and we elect to provide it to you.
Insurance Coverage	Our actual cost, plus interest and a <u>reasonable five percent (5.0%)</u> administrative fee.	Fifteen (15) days after presentation of invoice	Payable for: (1) the errors and omissions insurance policy maintained by us and covering the appraisal and related professional services performed by your <u>franchised business, or (2) otherwise, only if you fail to maintain the insurance required to be maintained by you under the Franchise Agreement, and we elect to obtain the required insurance for you. See Note 13.</u>

Insurance Deductible Reserve Contribution Fee	\$0 to \$25,000	Fifteen (15) days after presentation of invoice	Payable until the reserve account equals or exceeds four times the maximum deductible on the errors and omissions insurance policy maintained by us and covering the appraisal and related professional services performed by your franchised business. The current deductible on such policy is \$25,000 per claim. Payable again if the reserve account balance falls below four times the maximum deductible on such policy. See Notes 13, 14, and 15.
Insurance Deductible Coverage	Our actual cost plus interest	Fifteen (15) days after presentation of invoice	Payable in our discretion if there is a claim against you or your franchised business that is defended or covered under our errors and omissions insurance policy maintained and we are required to pay the deductible on such policy. See Notes 13, 14, and 15.
Transfer Fee	\$5,000	On or before the occurrence of a transfer of your franchised business	Payable if you transfer your franchised business and the transferee becomes a franchisee. See section 18 of the Franchise Agreement.
Liquidated Damages	\$1,000 to \$2,500	Five (5) business days after the breach.	Payable only if you breach certain of your obligations under the Franchise Agreement. See Note 16.

Fee	Amount	Due Date	Remarks (See Note 1)
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Fee	Amount	Due Date	Remarks (See Note 1)
			franchised business; or (2) otherwise, only if you fail to maintain the insurance required to be maintained by you under the Franchise Agreement, and we elect to obtain the required insurance for you. See Note 13.

Insurance-Deductible-Reserve-Contribution Fee	\$0 to unlimited	Fifteen (15) days after presentation of invoice	Payable until the reserve account equals or exceeds four times the maximum deductible on the errors and omissions insurance policy maintained by us and covering the appraisal and related professional services performed by your franchised business. Payable again if the reserve account balance falls below four times the maximum deductible on such policy. See Notes 14 and 15.
Insurance-Deductible-Coverage	Our actual cost plus interest	Fifteen (15) days after presentation of invoice	Payable in our discretion if there is a claim against you or your franchised business that is defended or covered under our errors and omissions insurance policy maintained. See Notes 14 and 15.
Transfer Fee	\$5,000	On or before the occurrence of a transfer of your franchised business	Payable if you transfer your franchised business and the transferee becomes a franchisee. See section 18 of the Franchise Agreement.
Liquidated Damages	\$1,000 to \$2,500	Five (5) business days after the breach.	Payable only if you breach certain of your obligations under the Franchise Agreement. See Note 16.
Review Costs	Our actual cost	Fifteen (15) days after presentation of invoice	Payable only if an inspection reveals an underpayment of Referral Fees of 5% or more.
Deficiencies	Our actual cost	Fifteen (15) days after presentation of invoice	Payable only if you do not satisfy your obligations under the Franchise Agreement and we elect to perform your obligations for you.
Late Payment Fee	Five percent <u>(5%)</u> of the amount due us that is not timely paid.	Twenty (20) days after presentation of invoice	Payable only if any payment under the Franchise Agreement or any other agreement between us and you is overdue by five days or more for any reason.
Interest on Late Payments	Lesser of 18% per annum <u>11</u> or the maximum rate permitted by law.	Fifteen (15) days after presentation of invoice	Payable only if any payment under the Franchise Agreement or any other agreement between us and you is overdue for any reason.
<u>Bank charges</u>	<u>Our actual costs</u>	<u>Fifteen (15) days after presentation of invoice</u>	<u>Payable only if your check or other method of payment fails to clear your account and we incur non-sufficient funds (NSF) or other bank charge.</u>
<u>Indemnification</u>	<u>Our actual costs and attorneys' fees</u>	<u>Fifteen (15) days after presentation of invoice</u>	<u>Payable only if we are the subject of claims brought by third parties involving your ownership or operation of your franchise.</u>

<u>Enforcement Costs</u>	<u>Our actual costs</u>	<u>Fifteen (15) days after presentation of invoice</u>	<u>Payable only if we incur costs due to your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, or if we prevail in any proceeding for enforcement or due to an alleged dispute, breach, default, or misrepresentation.</u>
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Fee	Amount	Due Date	Remarks (See Note 1)
<u>Bank charges</u>	<u>Our actual costs</u>	<u>Fifteen (15) days after presentation of invoice</u>	<u>Payable only if your check or other method of payment fails to clear your account and we incur non-sufficient funds (NSF) or other bank charge.</u>
<u>Indemnification</u>	<u>Our actual costs and attorneys' fees</u>	<u>Fifteen (15) days after presentation of invoice</u>	<u>Payable only if we are the subject of claims brought by third parties involving your ownership or operation of your franchise.</u>
<u>Enforcement Costs</u>	<u>Our actual costs</u>	<u>Fifteen (15) days after presentation of invoice</u>	<u>Payable only if we incur costs due to your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, or if we prevail in any proceeding for enforcement or due to an alleged dispute, breach, default or misrepresentation.</u>

Notes:

1. Unless otherwise stated, all fees are uniformly imposed by us. All fees are non-refundable.
2. Base Royalty. One twelfth of the Base Royalty is payable to us monthly during each franchise year. If, during any calendar quarter, you timely provide all reports and information to us, you will receive a credit of \$500 that we will apply to the Base Royalty becoming due during the following calendar quarter.
3. Royalty. In addition to the Base Royalty, you are obligated to pay us a revenue-based Royalty that is equal to three percent (3.0%) of that portion of your gross revenue Adjusted Gross Revenue (see note Item 64 below) that is in excess of \$500,000, and equal to or less than \$1,500,000, *plus* two and one half percent (2.5%) of that portion of your gross revenue Adjusted Gross Revenue that is in excess of \$1,500,000, and equal to or less ~~than \$2,550,000, plus two percent (2.0%) of that portion of your gross revenue that is in excess of \$2,550,000.~~

than \$2,550,000, plus two percent (2.0%) of that portion of your Adjusted Gross Revenues~~Revenue~~ that is in excess of \$2,550,000.

4. "Adjusted Gross Revenue" means the sum of: (i) the entire amount of all of ~~your~~the revenues received by the franchisee, including from the ownership or operation of your Valbridge Property Appraisers franchise, and each other activity engaged in by the franchisee, and whether ~~the~~such revenues are received in cash, or through credit, checks, services, property, or other means of exchange, excepting only the amount of any sales taxes, if any, that are collected and paid to the taxing authority (based on the cash method of accounting). ~~Gross revenues also includes the revenues of the franchised business' owners or their other businesses from activities that fall within the franchised business activities. Payments made to our other franchisees, to us as a referral fee, or to a third-party professional not engaged in any part of the franchised business (such as, for example, payments to a professional engineer or architect) are excluded from gross revenues.~~, less (ii) amounts paid by the franchisee to other Valbridge franchisees, other non-appraiser professionals where such amounts are billed separately to the franchisee's client, and to other appraisers where the franchisee does not retain more than 25% of the fee paid, and the report is prepared and signed by an appraiser who is not a franchisee employee or contractor and does not bear any Valbridge trade or service mark. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing ~~Gross Revenues~~gross revenues of the franchisee to the extent that the cash, credit, or receivables represent amounts that were previously included in ~~Gross Revenues~~gross revenues for which Royalty Fees and any other amounts due us were paid.

Gross ~~Revenues~~revenues are deemed received by you at the time the goods, products, merchandise, or services from which they arise are delivered or rendered or at the time the relevant engagement takes place, whichever occurs first. Gross ~~Revenues~~revenues consisting of property or services (for example, bartering or trade outs) are valued at the prices applicable, at the time the ~~Gross Revenues~~gross revenues are received, to the products or services exchanged for the ~~Gross Revenues~~gross revenues.

5. Payment of Royalty. The Base Royalty plus an estimate of the franchisee's revenue-based Royalty are paid to us monthly ~~during~~throughout each year of the franchise term. That estimate is ~~determined~~initially calculated using the franchisee's actual revenues for the prior year.

We can adjust the estimated revenue-based Royalty on 30 days written notice to you if we reasonably believe that the estimated payments will result in a significant underpayment or overpayment. Adjustments are made on a case-by-case basis.

You are required to make up any shortfall between the estimated payments of Royalty and the actual calculated amount of the Royalty within 45 days after the end of each 12~~-month period~~-month period. If your estimated payments of Royalty are greater than the actual calculated amount of the Royalty, we will credit the excess against future Royalties due us, except that, in the case of the last year of the franchise agreement where the franchise agreement is not renewed, we will pay you the excess within sixty (60) days after the end of the franchise term, subject to set-off for any amounts you owe to us.

6. We may establish a Marketing Services Fee that will be due to us with the payment of Base Royalty if it is ~~uniformly applied to~~payable by all franchisees. We have the sole right to determine how and when to use Marketing Services Fees. One twelfth of the Marketing Services Fee is due monthly during the time it is in effect.

7. We may establish a Technology Services Fee that will be due to us with the payment of Base Royalty if it is ~~uniformly applied to~~[payable by](#) all franchisees. We have the sole right to determine how and when to use Technology Services Fees. One twelfth of the Technology Services Fee is due monthly during the time it is in effect.
8. Datappraise Software-as-a-Service. The Datappraise Software-as-a-Service (Datappraise SaaS) is an online service and software license offered by our affiliate, Data Appraise Systems, LLC. The Datappraise SaaS provides a database for managing comparables data and automates assembly of reports and information from that data. This fee is non-refundable and is paid directly to Data Appraise Systems. We require you to purchase and use Datappraise in connection with your operation of the franchised business.
9. Data Solutions Database. The Data Solutions database is an online database offered by our affiliate, Valbridge Property Advisors Data Solutions, LLC. The database enables sharing of data among our franchisees for the preparation of [appraisal](#) reports and undertaking other aspects of the franchised business. As of the date of this FDD, Data Solutions does not charge an access fee, but ~~expects to~~[may](#) do so in ~~2019~~[the future after providing notice to the franchisees](#). According to the Database Access and License Agreement, this fee may be up to \$250.00 per month per firm during the term of the agreement. This fee is non-refundable and is paid directly to Data Solutions. We require you to purchase and use the Data Solutions database in connection with your operation of the franchised business.
- ~~10.~~ Real Estate Database License Fee. The real estate database license fee pays for access and a license to use the data from a nationwide real estate information and transaction related database maintained and made available by CoStar Group, Inc. We contract directly with and pay CoStar for access to the database and the

10. license to use the data for appraisal related activities and make it available to our franchisees and licensee in exchange for the real estate database license fee. The information is provided on ~~subscription basis~~ subscription basis, and you are required to enter an agreement with CoStar agreeing to abide by the restrictions of the contract between us and CoStar.

Your per appraiser and appraisal related employee or contractor ("per seat") real estate database license fee will be the greater of: (i) the per seat fee you paid as a CoStar customer under a contract between your firm and CoStar in effect at the time you sign your franchise agreement (that will be terminated when you become a franchisee or licensee), if you have one, or (ii) the per seat fee based on the size of your franchise territory, which is will be set before you sign your franchise agreement and ranges between \$285 and \$425 per seat if your territory is mid-size, \$350 per seat if your territory is mid-large size, \$370 per seat if your territory is large size, and

\$400 per seat if your territory is major size. Your total real estate database license fee will be the per seat fee multiplied by the total number of appraiser and appraisal related employees and contractors you have on staff (with certain very limited exceptions).

Renewal Fee. The renewal fee is determined by multiplying \$2,500 by the ratio of the number of whole or partial months of your initial franchise term to 36. All franchises renew on August 3, 2022. The number of whole or partial months of your initial franchise term begin with the month of the Effective Date of your franchise agreement and end with August of 2022. If, by way of example, the Effective Date of your franchise agreement was July 3, The contract between us and CoStar has a term through June 30, 2022, and the above amounts will likely increase after June 30, 2022.

11. Renewal Fee. A renewal fee of \$2,500 will be due if you renew your franchise agreement.

~~11. 2020, then the number of whole or partial months of your initial franchise term would be 25 and your renewal fee would be: \$2,500 multiplied by 25 divided by 36, or a total of \$1,736.11. Renewal fees are described further in Section 4.4(A) of the Franchise Agreement (Exhibit B).~~

12. The franchisee is responsible for travel, lodging and other expenses of attending the franchisee meeting.

13. The premium payable for the professional liability errors and omissions insurance policy that covers the appraisal and related professional services performed by our franchisees and licensees is allocated by us to each franchisee based on information from the insurance company providing the insurance and reflects a risk assessment of each franchisee and licensee as conducted by our insurer. The current professional liability errors and omissions insurance policy is issued by an insurance company that is not affiliated with us, and covers claims reported during the policy period from April 22, ~~2022,2020~~ to April 21, ~~2021~~2023, for services performed during such period. This policy has limits of liability of \$5 million per claim and \$5 million for the aggregate of all claims during the policy period and has a deductible of \$25,000 on the first claim and \$25,000 for each subsequent claim.

The insurance company providing the current professional liability errors and omissions insurance policy requires payment of the premium in a lump sum at the renewal date. We have the option to finance that premium with a third-party financing company. If we finance the premium, the interest paid by us is allocated among ~~the~~those franchisees not paying their portion of the premium in a lump sum, based on ~~their~~each such franchisee's portion of the premium financed.

We charge an administrative fee to cover our costs of securing and administering the professional liability errors and omissions insurance policy and payment of the premium.

14. We currently assess a Deductible Reserve Contribution Fee against each of our franchisees and licensees and use the proceeds to create, maintain and replenish a deductible reserve fund. The deductible reserve fund is used by us in connection with professional liability claims for which we are covered by the professional liability policy arranged by us to: (i) pay the deductible amounts that become due if we are the defendant in any lawsuit arising from such a claim; and (ii) loan up to \$20,000 to ~~each~~ franchisee that is a defendant in a professional liability claim to assist ~~them~~ such franchisee with paying the deductible due on that policy. The fee is allocated in substantially the same manner as the allocation of the professional liability policy premium. However, we reserve the right to change that allocation based on the history of claims and other business factors. We do not assess the fee during the time when the balance of the deductible reserve fund is at least four times the deductible of the professional liability policy. That deductible can change from year to year. If, in any policy period, the deductibles payable by us exceed the balance of the deductible reserve fund, we may require franchisees and licensees to pay additional Deductible Reserve Contribution Fees, but the total assessed by us in any year cannot exceed \$~~50~~25,000 system wide.
15. If you have a professional liability claim made against your business, you will have to pay the deductible due in connection with that claim yourself and you must reimburse us for any deductible we are required to pay as result of any professional liability claim against you or any of your employees or contractors. If you are in good standing, you are the subject of a claim covered by the professional liability policy, the deductible reserve fund has sufficient funds, and you cannot pay the full ~~amount of the deductible, then, after you pay the first \$5,000~~

~~15.~~ amount of the deductible, we will lend you up to \$20,000 to pay the balance of the deductible if you make and deliver to us a promissory note for the amount borrowed. The loan will bear interest at two percent (2.0%) above the prime rate in effect on the date you make the note, unless you default ~~on~~ any of your obligations to us, in which case the loan bears interest at the highest rate permitted by Florida law, currently 18% annual interest. You begin making payments on the loan on the first day of the calendar quarter immediately after you make the note. Those payments will be interest only until we advance at total of \$20,000, the claim against you is resolved or the first anniversary of the making of the note, whichever happens first. At that time, the note payments will change so that the principal and interest are repaid in full in eight (8) equal quarterly installments.

16. Liquidated Damages. If you breach certain provisions of the franchise agreement, we can collect liquidated damages from you. Liquidated damages are designed to compensate us for damages that we incur as a result of your breach of the franchise agreement where the actual damages are difficult or impossible to determine.

Item 7. Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$17,500	Lump sum.	On signing of Franchise Agreement	Us. See Note 1.
Initial Technology Fee	\$2,500	Lump sum	On signing of Franchise Agreement	Us. See Note 2.
Errors and Omissions Insurance Premium.	\$1,896,596 to \$38,094,33,580	Lump sum	On signing of Franchise Agreement	Us. See Note 3.
Deductible Reserve-Contribution Fee	\$25,442 to \$5,090,2,347	Lump sum	On signing of Franchise Agreement	Us. See Note 3.
Data Appraise SaaS Startup Fees and Database Conversion Costs	\$2,200,5,000 to \$5,400,20,000	Lump sum	On signing of SaaS Software Services and License Agreement	Data Appraise Systems, LLC. See Note 4.
Data Solutions-Data Transfer Fee.	\$5,000	Lump sum	On signing of Franchise Agreement	Valbridge Property-Advisors Data-Solutions, LLC. See Note 5.
Third-Party Real Estate Database License	\$570 to \$3200	Lump sum	Monthly	Us. See Note 6-5.
Leasehold Improvements, Fixtures and Signage	\$1,000 to \$5,000	Lump sum	As agreed	Third party suppliers. See Note 7-6.
Rent/Lease	\$0 to \$5,000	As specified	Before signing lease	Approved Lessor. See Note 8.
Utility Deposits	\$0 to \$500	Lump sum	Before signing lease	Utility departments. See Note 9.
Insurance	\$3,000 to \$6,000	Annual	Monthly payments towards balance	Approved Insurer. See Note 10.
Furniture and office equipment, including computer system	\$1,000 to \$7,250	Lump sum	Before opening	Third party suppliers. See Note 11.

Licenses and Permits, Dues and Subscriptions	\$100 to \$250	Lump sum	As required	Governmental agencies. See Note 12 .
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Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Rent/Lease	\$0 to \$5,000	As specified	Before signing lease	Approved Lessor. See Note 7.
Utility Deposits	\$0 to \$500	Lump sum	Before signing lease	Utility departments. See Note 8.
Insurance	\$3,000 to \$6,000	Annual	Monthly payments towards balance	Approved Insurer. See Note 9.
Furniture and office equipment, including computer system	\$1,000 to \$7,250	Lump sum	Before opening	Third party suppliers. See Note 10.
Licenses and Permits, Dues and Subscriptions	\$100 to \$250	Lump sum	As required	Governmental agencies. See Note 11.
Legal Review and Accounting	\$1,500 to \$3,000	Lump sum	Before beginning business	Attorney. See Note 13 , 12 .
Travel, Lodging, Meals, Etc. for Initial Training	\$1,750 to \$2,500	As incurred	As required	Suppliers. See Note 14 , 13 .
Supplies and Marketing Materials	\$1,000 to \$2,500	Lump sum	Before opening	Suppliers. See Note 15 , 14 .
Additional Funds	\$15,000 to \$30,000	As incurred	During the first 3 months of operation	Third parties. See Note 16 , 15 .
TOTAL	\$54,27050,558 to \$138,784141,127			See Note 17 , 16 .

Notes:

1. See Item 5 for a description of the initial franchise fee. The initial franchise fee is not refundable. We do not offer financing of the initial franchise fee.
2. See Item 5 for a description of the initial technology fee. The initial technology fee is not refundable. We do not offer financing of the initial technology fee.
3. See Item 5 for a description of the Errors and Omissions Insurance Premium and Deductible Reserve Contribution Fee.
4. This amount is the startup fee for the Datappraise Software-as-a-Service, an online service and software license offered by our affiliate, Data Appraise Systems, LLC, that provides a database for managing comparables data and automates assembly of reports and information from that data-, [including the transfer and conversion of the digital real estate related data utilized by your business prior to becoming a franchisee into the format required for the Data Solutions database and for use](#)

with the Datappraise SaaS. We require you to purchase and use the Datappraise Software-as-a-Service (SaaS), and the Valbridge Database operated by Data Solutions, in connection with the operation of your franchised business. The fee for the first year of the servicesDatappraise SaaS is \$500 per appraiser, trainee, analyst,

4. or person with similar duties employed or engaged as a contractor and ~~\$200~~250 per support staff employed by your franchised business. You must purchase one subscription for each appraiser ~~and support, trainee, analyst, or~~ person with similar duties employed or engaged as a contractor by you. ~~In addition, if, and one subscription for each support person employed by you have.~~ The cost for the conversion of your real estate related data ~~that you intend to use in your franchised business, that data must be converted from the format of your current system to the format of the Datappraise SaaS.~~ The fee for that conversion is based on the structure and the amount of that data to be converted and is typically billed at an hourly rate ~~of \$120 per hour~~ by a third-party vendor that has been approved by Data Appraise Systems. The minimum amount of this startup fee~~cost~~ is based on a two-appraiser office with one support staff employee and the cost of converting an existing appraisal software database of up to 10,000 records in a format utilized by a common existing software known as *Datacomp*. The greater amount of this startup fee~~larger cost~~ is based on an eight-appraiser office with two support staff employees and conversion of an existing database of up to ~~10~~50,000 records that is also in a *Datacomp* format. It is not possible to determine the exact amount of this fee without information about the type of the database to be converted and the number of records in that database.

- ~~5. This amount is the fee paid for: (1) the transfer of the digital real estate related data utilized by your business prior to becoming a franchisee, after its conversion for use with the Datappraise SaaS (see Note 4, above), into the Data Solutions database, and (2) your first years' license to access other digital real estate related data maintained by Data Solutions on its database. We require you to use the Data Solutions database in connection with the operation of your franchised business.~~
- 6.5. See Item 5 for a description of the Real Estate Database License. The per seat fee is based on your territory size and assumes you did not have a prior license with CoStar at the time you became a franchisee. The minimum amount of this startup fee is based on a two-appraiser office with no support staff in a mid-size territory. The greater amount of this startup fee is based on a six-appraiser office with two support staff in a large territory. This fee is paid to us and is not refundable. It is not possible to determine the exact amount of this fee without information about whether you had a prior license with CoStar and without the number of your appraiser and appraisal related employees and contractors.
- 7.6. This amount will vary depending on whether the fixtures at the current location from which you currently operate your business meet our minimum criteria, rules, and requirements for the operation of the franchised business. You are required to purchase new signage for your location. Whether or not this amount is refundable will depend on the arrangement you make with your third-party suppliers.
- 8.7. We require you to have signage at your office that bears our Mark and that identifies your franchised business as independently owned and operated. We require you to operate the franchised business from an office that qualifies as not less than "Class B" office space and expect that you will lease such space. This amount will only be incurred if the location from which you currently operate your business does not fully meet our minimum criteria, rules, and requirements for the operation of the franchised business and you are required to relocate your operation. Lease costs will vary based on size in square feet to be leased, cost per square foot, location, length of the lease, age of the leased property, local market conditions, size of the site and bargaining power of the developer or property management company. When you sign a lease, the landlord may require you to provide a full or limited personal guarantee, or a letter of credit and/or a security deposit. The low estimate assumes that you are not required to pre-pay any rent or to provide a security deposit. Generally, once rent is paid it is not refundable. However, whether or not the amounts paid by you are refundable will depend on the arrangement you make with your landlord.

9. This amount will only be incurred if the current location from which you operate your business does not fully meet our minimum criteria, rules, and requirements for the operation of the franchised business and you are required to relocate your operation. The estimate shown includes utility charges for the first 3 months of operation of your franchised business and, if applicable, utility deposits. If you are a new customer of your local utilities, you will generally have to pay deposits in connection with services such as electric, telephone, gas, and water. The amount of the deposit will vary depending upon the policies of the local utilities. Generally,

8. utility deposits are refundable if you have timely and fully paid your utility bills. However, whether or not the amounts paid by you are refundable will depend on the arrangements you make with your utility providers.
- 10.—You must obtain and maintain certain required insurance (see Item 8 and Section 9. Item 5, Item 7, and Item 8 of this Franchise Disclosure Document, and Section 14 of the franchise agreement for more information). Generally, insurance premiums paid in advance are refundable if you terminate your insurance early. However, whether or not the amounts paid by you are refundable will depend on the arrangements you make with your insurance providers.
- 11.10. This amount will vary depending on whether the furniture, fixtures, and equipment (including computer equipment) at the location from which you currently operate your business meets our minimum criteria, rules, and requirements for the operation of the franchised business. You must acquire and use computer equipment and software meeting our specifications (see Item 11Item 11 for more information). Sellers of furniture, fixtures and equipment may provide refunds if you return the furniture, fixtures, and equipment within a specific period of time after purchase and retain a receipt. However, whether or not your purchases of furniture, fixtures and equipment are refundable will depend on the arrangements you make with those sellers.
- 12.11. Local, municipal, county and state regulations vary on what licenses and permits are required to operate a Valbridge Property Appraisers franchised business. Classification of various types of businesses by local governments can cause the cost of licenses to vary. These fees are paid to governmental authorities, when incurred, before beginning business and are usually not refundable.
- 13.12. You may decide to hold the franchise in a legal entity and transfer the Franchise Agreement to an entity formed before beginning operations. Regardless of the ownership of the Valbridge Property Appraisers franchised business, you must comply with the fictitious, assumed, or trade name statutes of the state in which the franchised business will be located. These costs may vary depending on each state's laws and the prevailing rate of attorneys' fees. The fees are usually not refundable.
13. You must pay for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for the trainees. We assume no responsibility for your human resource-related liabilities or costs during initial training. You or, if you operate as a corporation or limited liability company, your officers, directors, and managers, must successfully complete the then current online portion of the Training on or within 30 days after the Effective-

14. Date, but, in any event before beginning operation of your franchised business. You or, if you operate as a corporation or limited liability company, your chief operating officer or manager, shall, at your sole expense, attend the next meeting of the franchisees of Franchisor on or within one (1) year of the Effective Date. The typical costs of training that you might have to bear for in person training are the transportation, lodging, compensation, and meals. The estimate is for items that are non-discretionary in nature. Generally, these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the mode of transportation selected and are usually non-refundable.

~~distance between the hotel and the training center and the mode of transportation selected and are usually non-refundable.~~

- ~~15-14.~~ We require you to use marketing materials and supplies that we provide or approve in advance and that use one or more of our Marks. Typically, these costs will involve purchases of marketing materials, such as brochures, business cards and promotional items, as well as letterhead, folders₁ and other similar supplies. Because your marketing materials and supplies are customized for your business, these are usually not refundable. However, whether or not the amounts paid by you are refundable will depend on the arrangements you make with the provider of these materials and supplies.
- ~~16-15.~~ We recommend that you have access to working capital to cover the excess of expenses over cash flow from the normal expenses that are associated with the day-to-day business operation of the Valbridge Property Appraisers franchised business for the start-up period. You may need additional funds at or near the higher estimate, or even exceeding the higher estimate, depending on choices that you make. We have not provided for capital or other reserve funds necessary for you to reach "break-even", "positive cash flow" or any other financial position. We do not furnish, nor do we authorize our salespersons or anyone else to furnish, estimates as to those amounts. This figure does not include any salary or payments to you during the start-up period. You must have sufficient personal resources to cover your personal living expenses during this period.
- ~~17-16.~~ We relied on our managers' and our parent's directors' business experience in the residential and commercial real property appraisal business to develop these cost estimates.

Your actual working capital needs during the initial period may vary significantly depending upon the following factors, which are beyond our control: how closely you follow our methods and procedures₁; your management skill, experience and business acumen₁; local market and economic conditions₁; the prevailing wage rate₁; competition₁; and the sales level reached during the initial period. These figures are estimates, and we cannot guarantee that you will not have additional expenses during your initial period of operations. We recommend that you review these figures carefully with your own independent advisors, such as an accountant, attorney₁ or business consultant, before making a decision to purchase a Valbridge Property Appraisers franchise.

Item 8. **Restrictions on Sources of Products and Services**

We require you to:

- 1.) purchase the Datappraise software-as-a-service described below from Data Appraise, our affiliate, and utilize it in the operation of your franchised business,
- 2.) transfer and license your real estate data to, and license other data from, Data Solutions, our affiliate,

- 3.) pay us a portion of the premium that is payable by us to a third party insurance company for the following policies that we maintain and that insures us, you, our licenses and our other franchisees: (i) a professional liability insurance policy insuring the appraisal and related professional services performed by you, our other franchisees and our licensees, and (ii) a general liability insurance policy for certain liabilities arising out of the operation of your business and the utilization of your approved office or offices,
- 4.) pay us an amount to be contributed to a deductible reserve fund that is used by us to: (i) pay the deductible becoming due in the event of a professional liability claim against us, and (ii) make loans to franchisees that are the subject of a professional liability claim,
- 5.) pay us a portion of the fees payable by us to a third-party database provider for the right to access a real estate information and transactions database and to use the data from that database in and for your appraisals and related professional services, and
- 6.)— purchase those marketing supplies and materials that bear one or more of our trademarks or service marks from a vendor that has been approved by us.

Other than the above, we do not currently require you to purchase or lease goods, services, supplies, fixtures, equipment, inventory, or real estate for your franchised business from us or any approved supplier.

We require that appraisal reports provided by you to your clients be in compliance with our formatting requirements, that you use the Datappraise software-as-a-service to store data for, and to generate, appraisal reports for which we provide a template, that you use the Data Solutions database to store and access the real estate data generated and utilized by you in the conduct of the franchised business, and that you license your data to Data Solutions.

Other than indirectly through Data Appraise and Data Solutions, ~~that~~which are wholly owned by our Parent, we do not derive revenue or other material consideration from required purchases or leases by franchisees.

Except for Data Appraise and Data Solutions, our affiliates, none of our managers, or Parent or any of the officers or directors of our Parent own any interest in any supplier from which we require you to purchase or lease goods, services, supplies, fixtures, equipment, inventory or real estate for your franchised business, and we do not derive revenue or other material consideration from required purchases or leases by franchisees.

The franchisor provides material benefits (including, for example, renewal or granting additional franchises) to a franchisee based on the franchisee's purchase or particular products or services or use of designated or approved suppliers. The franchisor makes referrals of appraisal work only to those of its franchisees that use the Datappraise software-as-a-service and license real estate data to and from Data Solutions.

Purchases from Us or our Affiliates

We require you to use a software-as-a-service, known as “*Datappraise*,” to license certain software (collectively being the “**Datappraise SaaS**”) from our affiliate, Data Appraise, and to use the database provided by our affiliate, Data Solutions, to store and access the real estate data generated and utilized by you in the conduct of the franchised business. Datappraise automates assembly of reports and information from data provided by the Data Solutions data using templates and other tools. Utilization of Datappraise provides a common look and feel for the reports of franchisees. Utilization of the Data Solutions database makes substantially all of the data generated by our franchisees and licensees available to you. You are not permitted to utilize an alternative supplier of any software-as-a-service or database for managing your real estate related data or automating assembly of reports and information from that data.

Data Appraise Systems will provide the Datappraise SaaS to you directly on terms and at such prices that are not less favorable than those at which Data Appraise Systems offers the Datappraise SaaS to third parties that are not franchisees or licensees of ours.

Data Appraise generated ~~\$190,650 and \$202,433 in~~ gross revenues from licensing software and sales of services to our franchisees and licensees of \$189,650 (49.8% of its gross revenues) in calendar year 2020, and \$198,625 (48.96% of its gross revenues) in calendar years 2018, and year 20212019, respectively.

Data Solutions will provide the employees and contractors of your franchised business with access to the Data Solutions database at a monthly fee of not more than \$250.00 during the first year after you sign the Database Access and License Agreement. Data Solutions may increase the fee above \$250 per month after the first year.

Data Solutions generated ~~\$128,151 and \$85,000 in~~ gross revenues from licensing data to our franchisees and licensees in calendar years 2018, and of \$5,000 (100% of its 2019, respectively, representing all of the gross revenues of) in calendar year 2020, and \$0 in calendar year 2021. Data Solutions ~~for those~~did not have any gross revenue in calendar ~~years~~year 2021.

Insurance

We maintain a professional liability insurance policy (the “**Professional Liability Policy**”) covering the appraisal and related professional services performed by our franchisees and licensees. The Professional Liability Policy is issued by an insurance company (the “**Insurer**”) that is not affiliated with us and covers claims reported during the policy period from April 22, ~~2018~~2022, to April 21, ~~2023~~2019. We expect to renew the Professional Liability Policy each year. If renewed, the terms of, and the premium for, the Professional Liability Policy will, in all likelihood, change.

The Professional Liability Policy has limits of liability of \$5 million per claim and \$5 million for the aggregate of all claims, and a deductible of \$25,000 on the first claim and \$25,000 for each subsequent claim. The amounts paid by you for your portion of the Professional

Liability Policy premium is used by us to pay the premiums that become due on this policy.

This amount is set by us annually based on the allocation of the premium by the Insurer among our franchisees and licensees.

The Insurer allocates the premium for the Professional Liability Policy among our franchisees and licensees based on its practices at the time it determines whether or not to issue a policy and the premium for the policy, and we do not have any input to, or effect on, that allocation. The factors utilized by the Insurer to determine the premium allocated to a particular franchisee or licensee include the number of appraisers and their designations and qualifications, the revenue of the franchisee or licensee, the state(s) where ~~the~~each franchisee's or licensee's offices are located, the history of prior claims against the franchisee or licensee, as well as other factors. The portion of the premium for the Professional Liability Policy payable by you, can and will likely, increase during the term of your franchise.

The amounts paid by you towards the deductible reserve fund are used by us to pay the deductible becoming due in the event of a professional liability claim against us. This amount is set by us annually based on the balance of the reserve account and the history of claims against us and our franchisees and licensees.

You must obtain and maintain other insurance with the coverage that we require, in addition to any other insurance required by applicable law, at your expense. We may periodically change the amounts of coverage required and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to all businesses. We may also secure insurance coverage for all of our franchisees and licensees and require you to pay a portion of the premium due.

Your insurance must be written by an approved supplier and currently must include at a minimum:

1. a comprehensive general liability policy covering bodily injury and property damage with respect to each Location and products, and completed operations in the amount of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate;~~;~~; and
2. an automobile liability policy with a combined single limit of not less than one million dollars (\$1,000,000)~~;~~; and
3. workman's compensation insurance in an amount not less than one million dollars (\$1,000,000) per employee, one million dollars (\$1,000,000) per accident and one million dollars (\$1,000,000) in the aggregate;~~;~~; and
4. a claims made errors and omissions insurance policy concerning the rendition of real and personal property appraisal services and appraisal consulting services, with: a limit of liability of not less than ~~One Million Dollars~~one million dollars (\$1,000,000) per claim;~~;~~and not less than ~~Two Million Dollars~~two million dollars (\$2,000,000) for all claims in the aggregate;~~;~~; and a deductible of not more than ~~Twenty Five Thousand Dollars~~twenty five thousand dollars (\$25,000.00) per claim;~~;~~; and
5. an "all risk" property insurance covering each location from which you operate your franchised business and your equipment and supplies, for loss or damage-

~~by fire, windstorm, flood, casualty and theft, for at least eighty percent of the replacement cost of such property; and~~

by fire, windstorm, flood, casualty, and theft, for at least eighty percent (80%) of the replacement cost of such property, and

6. such other insurance policies as may be required by the landlord of each location from which you operate your franchised business and by applicable law.
7. We recommend that you carry business interruption insurance for a period of at least 6 months.

Before you open your franchised business appraisal business, you must furnish us with a certificate of insurance issued by an approved insurance company showing compliance with the insurance requirements and naming us, our parent and such other persons and entities that we require you to so name (such as, for example certain national customers), each as an additional insured. You must send current certificates of insurance to us annually and at such other times as we request.

Specifications and Standards- *Appraisal Reports.*

We require that appraisal reports provided by you to your clients be in compliance with our formatting requirements, contain certain required limiting conditions, and bear one or more of our Marks.

Equipment and Supplies

The equipment and supplies that must meet our specifications are periodically identified in our manuals. Our specifications may include minimum standards for signs, marketing materials, and report arrangement and appearance. We formulate our specifications based on industry knowledge and on our managers' experience in operating an appraisal practice. (see Item 7 and Item 11 for more information).

Site Selection Criteria

The location of your current business must be within the territory granted to you in the Franchise Agreement and must be in compliance with the criteria, rules and requirements concerning physical locations from which the business can be operated as of the effective date. In accordance with the Franchise Agreement, the location of your franchised business may not be a home office or any location that is not zoned for office use, and must qualify as not less than Class B office space. If your current office location is not in compliance with the location criteria, we can require that you relocate your business to a location within the Territory that is in compliance. We will not unreasonably withhold approval of any site that meets our standards (see Item 11 for more information).

Lease of the Site

If you do not own the location site, we require exclusive possession of the location by lease or other means. You must have and maintain exclusive possession by lease or other means of the location where you operate the franchised business, and the lease can terminate no earlier than the termination date of the Franchise Agreement. In the event of relocation of the location site, you must notify us of the prospective new location

in writing at least 15 business days prior to executing the lease for the new location, including giving us all relevant information concerning the prospective new location and the lease. You may not move the location of your franchised business outside of the territory granted to you, any new location must meet our requirements for the location of

the franchised business. We have 15 business days to reply to you after the notice, to grant or deny the relocation request. We can only deny your request to relocate your franchised business only on a reasonable basis (for example, the new location does not satisfy one or more of the then current criteria, rules and requirements or is not within your territory).

Maintenance, Repairs, Renovation and Upgrading

You must maintain your franchised business in the manner stated in our manuals. You must change your business sign to a sign that complies with the criteria in our manual. You must make repairs and replacements as reasonably required for that purpose, including periodic repairs to equipment, and replacement of obsolete signs. You must abide by our requirements on improvements to your franchised business to achieve the strategic marketing goals of the Valbridge system. You will be responsible for the cost of those improvements, repairs, and maintenance.

Advertising and Promotion

You are responsible for all marketing, advertising, public relations, and promotional activities for your business. You are obligated to undertake marketing, advertising, public relations, and promotional activities for your franchised business in your territory as appropriate to maximize your revenues and as are required by us. You are not permitted to undertake any marketing, advertising, public relations, or promotional activities outside of your territory, except in very limited circumstances.

Except for digital templates containing advertising and promotional materials that we will provide to you and that you may use to have marketing materials printed by third party printers, all other activities are subject to prior written approval by us which we will not unreasonably withhold. Upon submission of any advertising or promotional materials to us, we will examine the content, design, and print quality to determine whether the materials are commensurate with our brand and standards.

If we establish a Marketing Services Fee (see Item 6), we will utilize the proceeds to undertake marketing, advertising, public relations, and promotional activities for us and for our franchisees. We have the sole right to determine which of the above activities to undertake, as well as how and when to undertake them.

Magnitude of Required Purchases or Leases

We estimate that the following purchases and leases of services and products will represent the following percentages of your total purchases and leases of services and products to establish and to operate your franchised business:

<u>Purchases and/or Leases</u>	<u>% to Establish</u>	<u>% to Operate</u>
Pursuant to our specifications.	10% to 18%	7% to 13%

Item 9. Franchisee's Obligations

This table lists your principal obligations under the Franchise Agreement 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 of Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	5, 6, 14	7, 8, 11 and 12
b.	Pre-opening purchases and leases	3, 5, 7, 11, 14	5, 7, 8 and 11
c.	Site development/other pre-opening requirements	2, 3, 5	5, 7, 8 and 11
d.	Initial and ongoing training	7, 8	6, 7, 8 and 11
e.	Opening	2, 7	7, 8 and 11
f.	Fees	5, 11, 12, 14, 19	5, 6 and 7
g.	Compliance with standards and policies and Operations Manual	5, 6, 7, 9, 12, 13, 14, 19	8, 11 and 14
h.	Trademarks and proprietary information	2, 7, 13, 15, 16	13 and 14
i.	Restrictions on products and services offered	2, 5, 7, 16, 20, Exhibit F	8 and 16
j.	Warranty and customer service requirements	7, 12	8
k.	Territorial development and sales quotas.	3, 7	12
l.	Ongoing product and service purchases	7, 13, 14, 20, Exhibits F and G	6 and 8
m.	Maintenance/appearance/remodeling requirements	5, 7	6, 7 and 8
n.	Insurance	14	6, 7 and 8
o.	Advertising	13	6, 7, 8 and 11
p.	Indemnification	28	6 and 8
q.	Owner's participation/management/staffing	7, 8	6 and 15
r.	Records and reports	12	8
s.	Inspections and audits	5, 12	6, 8 and 11
t.	Transfer	18	6 and 17
u.	Renewal	4	6 and 17
v.	Post-termination obligations	19, 20	17
w.	Non-competition covenants	16	17
x.	Dispute resolution	33, 35, 36, 37, 38	6 and 17

Item 10. Financing

We do not offer financing, except in limited circumstances. [In limited circumstances we have permitted franchisees to delay paying the initial franchise fee, the initial technology fee and have reduced the Royalty when first becoming a franchisee.](#)

We do not guarantee any lease or other obligation of our franchisees.

Item 11. **Franchisor's Assistance, Advertising, Computer System, Andand Training Except as listed below, we are not required to provide you with any assistance.**

Pre-Opening Assistance

Before you open your business, we will provide you with:

1. Access to electronic files containing digital templates of the Marks then available to franchisees, and sales and marketing materials (e.g., letterhead, flyers, pre-numbered invoices, and business cards) as may have been established by Franchisor to be used in the operation of the franchised business (see Section 6 of the Franchise Agreement);1
2. Advice concerning the transition of your current appraisal business into a franchised business (see Section 6 of the Franchise Agreement);1
3. Assistance with establishing sources of supply for materials to be used in the operation of your franchised business (see Section 6 of the Franchise Agreement);1
4. A copy of the Operations Manual (see Section 6 of the Franchise Agreement) (also see the heading Manuals below);1 and
5. Training at our next meeting of franchisees concerning the conduct of the franchised business and the Valbridge System and matters relating or pertaining thereto (See Section 8 of the Franchise Agreement and "Training" below in this Item 11).

Except for the training and as otherwise stated above, these obligations of ours will be satisfied at initial training, or within 30 days after initial training.

Post-Opening Assistance

During the operation of your business, we will provide you with:

1. Telephone advice and assistance concerning the operation of your franchised business and the Valbridge System (see Section 6.2(B) of the Franchise Agreement);1
2. Details of any alterations, modifications, replacements, or improvements to the Valbridge System and that are required to be made to your franchised business (see Section 6.2(A) of the Franchise Agreement);1
3. Information relating to meetings, conventions, seminars organized by Franchisor for its franchisees and permit you to attend at your own expense (you are required to attend at least one meeting of the franchisees annually) (see Section 6.2(A) of the Franchise Agreement);1
4. Copies of our franchisee newsletter, if, when and for so long as we implement and maintain one (we do not currently have a franchisee newsletter) (see Section 6.2(A) of the Franchise Agreement);1

5. Bulletins on sales and service methods, marketing development and techniques and business and operating procedures (see Section 6.2(A) of the Franchise Agreement^{7.1} and

6. Access to our website containing information and communications concerning the operation of a franchised business and the Valbridge System (see Section 6.2(A) of the Franchise Agreement).

Advertising Programs

1. Local Advertising. You must actively market or advertise your franchised business at your expense and you must engage in that amount of marketing, advertising, public relations, and promotional activities for your franchised business that is required by the Operations Manual and reasonably necessary to maximize your gross revenues (see Sections 7, 13.1 and 16.1(C) of the Franchise Agreement).
2. Materials. You may only use materials provided by us or approved by us for your marketing, advertising, public relations, and promotional activities. If you want to use your own materials for your marketing, advertising, public relations and promotional activities, those materials must adhere to the standards and requirements we establish from time to time and be approved by us. If your materials will be printed or manufactured by a vendor or your choosing, that vendor must adhere to the standards and requirements we establish from time to time and be approved by us. To secure such approval, you must provide us with a written description (and samples if available) of the proposed marketing, advertising, public relations or promotional materials and information about your chosen vendor. We will review and assess the description and samples you provide or the vendor on or within fifteen (15) days and respond to you with approval or a specific basis for rejecting same.
3. Internet Advertising. We will include your contact information and qualifications in the listing of franchisees that we maintain on any website owned and operated by us for the franchised business system. You may not utilize any other online advertising or marketing for your franchised business except for online appraisal bidding platforms.
4. Advertising Council. We do not have an advertising council composed of franchisees. Other than our managers that are also franchisees, no franchisees and no council of franchisees advises us on advertising policies.
5. Advertising Cooperatives. Franchisees are not required to participate in any local or regional advertising cooperatives. Franchisees are not required to participate in any advertising fund unless we elect to establish a marketing fee (see Item 6- above and Section 11.5 of the Franchise Agreement).
6. Advertising Fund. We are not required to create or conduct an advertising fund or to undertake any particular amounts or types of advertising.

Computer System

We require you to have a computer system, Internet access, an e-mail account for each of your employees and contractors, and to maintain accounts for Datapraise and with-

certain Internet service providers. If you do not already have a computer, related equipment, and telecommunications capabilities with at least the following specifications, you must procure and install at your location before opening the following equipment, software, and telecommunications capabilities:

- 1.) Personal computer (Windows compatible) with 8GB RAM and 1TB hard drive, and utilizing the Windows 10 Operating System;
- 2.) Microsoft Office 2016 version or newer;
- 3.) QuickBooks Online or [QuickbooksQuickBooks](#) desktop 2017 version or newer;
- 4.) Customer relationship management software (that is approved by us);
- 5.) Datapraise;
- 6.) Internet web browser software (e.g., Google Chrome or [FireFoxFirefox](#));
- 7.) 17" color monitor;
- 8.) Laser printer;
- 9.) Scanner; and
- 10.) High-speed Internet connection.

Except for the descriptions above, we do not specify computer hardware or an Internet connection supplier. We anticipate the cost of purchasing the above-described computer hardware to be between \$1,000.00 and \$1,500.00 per employee or contractor. The high-speed Internet connection will be provided by a utility or cable television provider. We anticipate the cost to be between \$100.00 and \$200.00 monthly.

The customer relationship management software and appraisal information system will be a software-as-a-service solution provided via the Internet and paid for on a monthly or annual basis. ~~We anticipate the monthly cost to you of the~~ Currently, we require you to use the Greenrope customer relationship management software-as-a-service ~~to be and the monthly cost to you is~~ \$20 per employee. ~~We anticipate that, after payment of the startup fee, the annual and contractor.~~

The cost to you of the Datapraise ~~will be \$300~~ SaaS is currently \$500 per appraiser, trainee, analyst, or person with similar duties employed or ~~contracted~~ engaged as a contractor by you, and ~~\$200~~ \$250 per support staff ~~(non-appraiser) employee employed by you.~~ Data Appraise Systems may change the renewal fees on 60 days' notice to you, provided that the renewal fees will not be greater than the highest amount charged by Data Appraise Systems to its customers who are not our franchisees.

Important information will be sent to your computer address electronically or accessible by you via the Internet. You must maintain, at your own expense, an e-mail address for each employee and each contractor appraiser with a service provider selected by us with the style [Name]@Valbridge.com, and the capability for each employee and contract appraiser to access his or her e-mail account. ~~We anticipate the~~ The current monthly cost to you ~~offer~~ for each Valbridge.com e-mail address will be ~~\$8.45. If you~~ 10.00. You can elect to ~~use~~ purchase a Microsoft ~~Outlook in connection~~ Office 365 E1 subscription that will provide you with software you can utilize to access your Valbridge.com e-mail addresses, there is email (as well as other software described in the Microsoft Office 365 offering) at an additional monthly charge of \$2.50 12.00 for each ~~Valbridge.com e-mail address~~ user. These e-mail related charges are subject to change and are paid to the selected service

provider. You must also maintain-

the capability to access our website, bulletin board communications pages and document repository application. Reasonable minimum hardware and software standards for these connections and providers for the e-mail accounts will be set by us and periodically revised as technologies change, and you will have reasonable time to upgrade when those standards change. Standards will include current uniform communications software in use by the Valbridge System; word processing and spreadsheet software that is either the same as that in use at our office or capable of reading and converting files created by our office; and a computer capable of running the software and containing

reasonable minimums for memory and data storage and a modem connected via network links to the Valbridge System. You must pay for all normal communications charges from the networks making connection to the Valbridge System, for example, phone bills or bills from an Internet service provider.

As new computer systems, related technologies and software are developed in the future, you may be required to add memory, ports and other accessories, peripheral equipment or additional, new or substitute software to the original computer system you purchased. To ensure full operational efficiency and communications capability between our computers and your computers, you must keep the computer system in good maintenance and repair and install all additions, changes, modifications, substitutions or replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as we direct on those dates and within those times we specify, in our sole discretion, in the Manuals or otherwise on a system-wide basis.

To the extent that compatible equivalent components of hardware or software that perform the same functions exist, we may, but are not required to, approve compatible equivalent hardware components or software.

We are not contractually required to provide you with ongoing hardware or software maintenance, repairs, upgrades, or updates. We estimate the annual costs of optional or required maintenance updates, upgrades, and support contracts to be \$400.00 per employee.

We will have independent access to the information generated by and stored in the Datapraise SaaS, customer relationship management software and ~~all or some of the~~ other programs that we may require you to use, or that are provided as a software-as-a-service solution via the Internet.

Manuals

After you sign the Franchise Agreement and shortly before you commence your online training, we will make a copy of our Manuals available to you through the Internet. ~~As of October 31, 2018~~ As of the date of this Franchise Disclosure Document, the Manual contains the following subjects:

Operations Manual – Table of Contents

<u>TITLE</u> <u>Section Title</u>		<u>NUMBER OF PAGES</u> <u>SECTION Number</u>
A	<u>Introduction, Table of Contents, General Information</u>	
	<u>Notices</u>	
B	<u>Company Background</u>	4
C	<u>Administration of the franchised business</u>	1
D	<u>Marketing</u>	3
E	<u>Insurance</u>	2

F	Training	1
G	Franchisee Information	5
H	Franchisee Qualification	2
I	Franchise Renewal, Termination and Relocation	3
J	Mission, Vision, and Core Values.	1
	Policies	1

TITLE	Valbridge Corporate Structure and Management	NUMBER OF PAGES
Valbridge Franchising Contact Information	<u>1</u>	
Franchisee Naming.	TOTAL NUMBER OF PAGES	<u>1</u>
Professional Advisors & Consulting Support		<u>1</u>
Managing the Business		<u>1</u>
Trade and Service Marks		<u>1</u>
Marketing Requirements		<u>4</u>
Insurance		<u>4</u>
Training Program		<u>1</u>
Franchisee Information		<u>1</u>
Contacts and Offices		<u>1</u>
Franchisee Qualifications		<u>4</u>
Franchise Agreement Term and New Franchise Agreement.		<u>2</u>
Transferring or Selling a Franchisee or Franchisee Equity		<u>1</u>
Expansion and Relocation Requirements		<u>2</u>
Policies		<u>1</u>
Document Control Policy		<u>1</u>
Press Management and Response Policy		<u>2</u>
Quality Standards of Service Policy		<u>2</u>
Referral Fee Policy		<u>3</u>
Data Sharing Policy		<u>5</u>
Franchisee Transfers.		<u>2</u>
Exhibit A		<u>1</u>
Exhibit B		<u>5</u>
Total Number of Pages		<u>7</u>

You must conduct your franchised business in accordance with the Manual in order to maintain uniform standards of operation under the Marks and protect our reputation and goodwill in the Marks. You must treat and maintain the information in the Manual as confidential information and a trade ~~secrets of ours~~ secret. If we provide printed copies ~~or of~~ all or any portion of the Manual, each copy must be kept in a secure area within your office at all times. For that portion of the Manual that is accessible online via password, you must keep your password secret and not disclose it to any person other than the Franchisee's affiliates.

You must strictly limit access to the Manual to your employees and contractors who have ~~a "need to know"~~ the information in order to perform their jobs and duties for your franchised business and who have signed the ~~Manager and~~ Employee and Contractor

Restrictive Covenant (Exhibit D to the Franchise Agreement). You must immediately report to us the loss of the secrecy of your password or the theft, loss or destruction of all or any ~~portion of the printed portion~~part of the Manual. You must not copy, record, or otherwise reproduce the Manual without our prior written consent. ~~You may only disclose or permit access to the Manual to your employees and contractors who have a need to know the information in it and all persons to whom you disclose or permit access to the Manual must first sign the Manager and Employee Restrictive Covenant.~~

Training

TRAINING PROGRAM

Training Program

Subject	Hours of Training	Training Location⁽¹⁾	Hours of On-the-Job Training⁽²⁾
Mission, Vision, Values, and Criteria	51	See Note 1.	0
Franchisor - franchisee relationship	1		0
Quality standards and confidentiality	1		0
Managing the franchised business, and referrals	1		0
<u>Using the Valbridge Appraisal Management System (V-AMS)</u>	<u>2</u>		<u>0</u>
Using the Datappraise SaaS with the Valbridge report templates	<u>24</u>		0
Policies and procedures	1		0
Renewing, transferring, and selling a Valbridge franchised appraisal practice	51		0
Miscellaneous matters	1		0
Total:	<u>81</u> <u>3</u>	See Note 1.	0

Note 1. The training program is delivered online via a learning management system on demand and may be delivered live at the annual meeting of our franchisees. The meetings of our franchisees take place one or two times per year, at our option, at various locations throughout the United States, typically in major cities.

Note 2. We do not provide on-the-job training at your location.

Training Personnel

Rick Armalavage, our manager (2013 to present) and the Chief Executive Officer of our Parent (2012 to present), ~~is a Member~~ holds the MAI designation (a designation awarded by the Appraisal Institute (“MAI”)) and, ~~since 1989, the Managing Member is a manager~~ of Armalavage Valuation, LLC (f/k/a Armalavage & Associates, Inc.), located in Naples, Florida, ~~a franchisee of ours (1987 to present)~~. He, ~~Mr. Armalavage~~ has ~~35~~ more than 40 years of experience in real estate valuation, analysis, and consulting. Mr. Armalavage presents all or a portion of the training for the following subject areas: mission, vision, and values and, criteria, quality standards, and confidentiality and renewing, transferring, and selling a Valbridge franchised appraisal practice.

David Brooks is a vice president of our Parent. Mr. Brooks ~~is a~~ holds the CRE (Counselor of Real Estate), and MAI designations, and ~~is the~~ owner of VBW Metro, LLC, (Valbridge Property Advisors | Baltimore Washington Metro), located in Marriottsville, Maryland (2016 to present). Prior to forming Baltimore Washington Metro, Brooks was a member of Lipman Frizzell & Mitchell, LLC (a former franchisee of Valbridge Property Advisors) from 1978 to 2016. He has been an appraiser since 1978 and is the past President of the Maryland Chapter of the Appraisal Institute. Mr. ~~Brooks designed our referral fee program.~~ ~~Mr.~~ Brooks presents all or a portion of the training for the following subject areas: quality standards and confidentiality, managing the franchised business and referrals, and policies and procedures.

Karl P. Finkelstein holds the MAI designation and is the principal ~~(2002 to present)~~managing member of Atlantic Appraisals, LLC, located in Charleston, South Carolina, ~~a franchisee of ours (1998 to present)~~. ~~He~~. ~~Mr. Finkelstein~~ has ~~15 years'~~ appraisal over 18 years of experience in real estate valuation, analysis, and consulting in coastal South Carolina, Georgia, and North Carolina. Mr. Finkelstein has developed our marketing related materials and System~~system~~ and presents all or a portion of the training for the following subject areas: policies and procedures, and miscellaneous matters – the Valbridge marketing system.

Jeff Roper is the chief operating officer of Datappraise (2014 to present) and delivers the training for the Datappraise SaaS and accessing the Data Solutions database.

Attendance and Completion of Training-

The franchisee or, in the case of a franchisee that is a corporation, limited liability company, other entity or partnership, each of the franchisee's officers, directors, managers, members and partners who are qualified (in accordance with 7.1(D) of the franchise agreement) to manage the franchised business are all required to successfully complete the training at the next annual meeting of the franchisees. Training must be completed to our satisfaction. Successful completion of training generally requires attendance at, or completing online, not less than eighty percent (80%) of the sessions, completion of exercises and the passing of any tests relating to the training by all of the required attendees.

We do not provide training in the area of conducting appraisals.

The franchisee or, in the case of a franchisee that is a corporation, limited liability company, other entity or partnership, one of the franchisee's officers, directors, managers, members and partners who is qualified (in accordance with 7.1(D) of the franchise

agreement) to manage the franchised business, is required to attend the next meeting of the franchisees of Franchisor no later than one (1) year after the franchise agreement is signed. Attendance of the franchisee meeting by such person is at the sole expense of the franchisee. The typical costs that you might have to bear for attending the franchisee meeting are the transportation, lodging, compensation, and meals. Generally, these costs will vary widely as a function of the distance traveled, accommodations selected, restaurants selected, the distance between the hotel and the training center and the mode of transportation selected and are usually non-refundable. (See Item 7 for additional information.)

We do not currently offer any additional required training or refresher courses.

We may elect to offer additional required training and refresher courses and require you to attend them and pay tuition or a training fee of up to \$1,000.00 for each person from your franchised business attending such training or course. In addition, you must pay your related costs including travel, meal, and lodging expenses.

Site Selection Methods

1. We will assign a territory as described in Item 12 below. If your current office (or any of your offices) does not meet our current criteria, you must select the site within the territory from which you will conduct business.
2. We will supply you with our site selection criteria. We will not unreasonably withhold approval of any site that meets our standards. We will approve or-

2. disapprove any proposed site within 15 days after you provide us with the requested information. If we disapprove your selected site, you have 15 days to submit a new site within the territory for our written approval. We do not represent that we have any special expertise in selecting sites. Our approval of a site is intended only to indicate that the proposed site meets our minimum criteria for sites and is not a representation that the franchised business will be profitable or that your sales will attain any predetermined levels.

Opening of the Franchised Business

The typical length of time between the signing of the Franchise Agreement and the conversion of your current appraisal practice to a franchised business is one to two months. This will be longer if you are required to relocate your office. The factors that affect this include any time you need to comply with local ordinances and secure any required permits and third-party authorizations and approvals (such as, for example, a landlord's approval to change signage), to transition your office to the franchised business, purchasing and installing signage, completing training, and other operational issues.

Item 12. Territory.

You will not receive an exclusive territory. You may face competition from our other franchisees and licensees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We grant you a franchise to operate the franchised business from ~~an~~one or more approved ~~location~~locations within a specified geographical area including ~~the~~each approved location (the “Territory”). We do not grant a minimum territory. We will establish your Territory prior to the time you sign the franchise agreement. Our obligation concerning your Territory is dependent on you ~~achieving a target annual gross revenue that is established before you sign your franchise agreement, and is typically, though not always, based on the population of your Territory~~being in compliance with your obligations to us and our affiliates.

We will not grant any other person the right to establish any physical location for the operation of the franchised business in your Territory and we will not alter your Territory during the time your franchise agreement is in effect unless you fail to ~~achieve the target annual revenue by the end of the second year of your franchise~~remain in compliance with your obligations to us and our affiliates.

If the approved site has not already been determined when you sign the Franchise Agreement, you must select the site for the franchised business in your Territory that meets the current criteria, rules, and requirements concerning physical locations from which the franchised business may be operated. Although we may assist you in selecting a site, you are solely responsible for selecting the approved site and negotiating the terms of the lease. You may open one or more other offices within your Territory with our approval. We can deny your request to open another office within your Territory in our sole and absolute discretion.

If you have to relocate any office of your franchised business from the approved site, you must: (1) find a new site that is in compliance with the criteria, rules, and requirements in effect at that time, that is not within 10 miles of the edge of your Territory (though we may waive this requirement in our discretion), and from which you can maximize your franchised business; and (2) notify us at least ~~15~~twenty (20) business days before you sign a lease for your new site and provide us information about the proposed site and lease.

We can deny your request to relocate the office to the new site at any time within [fifteen \(15\) business](#) days after you notify us, but only for a reasonable basis, such as, for example, because the proposed site does not satisfy one or more of the then current criteria, rules, and requirements or is not within your Territory.

There is no prohibition on us or any of our other franchisees or licensees from selling any products or services within your Territory, and if we or they do so, neither we nor they are obligated to pay you any amount for these sales. You will not have the right or ability to prevent us or any of our other franchisees or licensees from exercising the franchise rights, using our marks, or engaging in the franchised business in your Territory.

We and our affiliates reserve the right to use other channels of distribution, including the Internet, within your Territory using our principal trademarks, or using trademarks other than those you will use. We are not required to compensate or pay you for soliciting or accepting orders from within your Territory.

You are not restricted from accepting orders from ~~consumers~~[customers](#) outside of your Territory. ~~You~~[However, you](#) are restricted from marketing your franchised business outside of your Territory in almost all situations, except where: (1) a ~~consumer~~[customer](#) owning or managing a property in your Territory also owns or manages one or more properties outside of your Territory, (2) you are marketing your franchised business at a statewide, regional, or national trade show, or (3) you are part of a specialty practice area that we designate from time to time. We

do not have any obligation to prevent any of our other franchisees from marketing inside of your Territory- and you should expect that other franchisees will undertake marketing inside your Territory under the conditions described above and that we may engage in any marketing activities inside your Territory.

You do not have any option, right of first refusal, or similar rights to acquire additional franchises.

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

Item 13. Trademarks

Our Parent registered the following principal Mark on the principal register of the United States Patent and Trademark Office as of July 23, 2013, and December 17, 2013:

Valbridge Property Advisors, Registration No. 4,373,557



4,450,839

Our Parent has filed all required affidavits that were required to be filed on or before the date of this FDD to maintain its registration of the above marks.

We do not have any contractual obligation to protect your right to use the above principal service markmarks or any other trade or service marks we permit you to use in connection with the franchised business (the “**Marks**”), or to protect you against claims of infringement or unfair competition.

Our principal service ~~mark~~marks and all of our Marks are owned by our Parent and are licensed to us for use in connection with the franchised business. A copy of that license is provided in Exhibit F.

We sublicense to you the right to use certain of the registered and common law Marks, including ~~Registration Nos. the above principal service marks (registration nos.~~ 4,373,557 and 4,450,839~~),~~ in the operation of the franchised business. If the license between our Parent and us is terminated, your right to use the Marks will terminate and you will have to immediately remove all uses of the Marks from your franchised business.

Neither we or our Parent are aware of any currently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, or any state trademark administrator or court, and any pending infringement, opposition or cancellation proceeding concerning any Marks. Neither we ~~or~~nor our Parent are aware of any superior rights of any third party that may limit a franchisee's use of any Marks.

We grant you the non-exclusive right and obligation to utilize the Marks in connection with the operation of the franchised business. You must use each Mark only in full compliance with our standards and specifications. You must use the Marks as the sole trade identification of your franchised business~~,~~ and must identify your franchised business in

the form we require as an independently owned and operated franchised business. You must follow our instructions ~~in complying and comply~~ with ~~any all applicable~~ fictitious, trade or, and assumed name statutes ~~for the Marks concerning your use of each Mark~~. You cannot use a Mark as part of a corporate name, or with modifying words, designs, or symbols, except for those which we license to you. You may not use any Mark in connection with the ~~marketing or~~ sale of any unauthorized product or service, ~~or with another trade or service mark unless you secure our prior written approval, which we may refuse for any reason~~ in ~~our sole discretion, or in any other~~ manner that we have not authorized in writing.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of any of our Marks. We will take the action we think appropriate. We are not required to defend you against a claim that your use of any of our Marks infringes any rights of a third party, or to reimburse you for any liability and reasonable costs you incur or suffer as a result of such a claim. You must modify or discontinue the use of a Mark if we modify or discontinue using it. You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business. We may require that you terminate the use of any Mark on written notice.

Without our prior written approval, you may not use the Marks as part of any email address, website, domain name or any other electronic media, including use with any prefix, suffix or other modifying words, term designs, or symbols, or in any other manner connected with a website, advertisements on a website, or other similar electronic media. Because your ~~electronic, marketing, sales, and other~~ listings ~~for your business~~ will be associated with our Marks, we will own all rights to ~~the such~~ listings, and all goodwill generated from the use of the listings will be to our benefit (see Sections 9 and 15 of the Franchise Agreement).

Upon any claim of infringement, unfair competition, or other challenge to your right to use any proprietary information, or if you become aware of any use of or claims to any proprietary information by persons other than us or our franchisees, you must notify us.

promptly (within 15 days) in writing (see Section 15.4 of the Franchise Agreement). We are not required to take any action upon such notification. We have the sole right to control all administrative proceedings or litigation involving any Mark. You are required to participate in the defense of any action involving any Mark and must not communicate with anyone except us and our counsel in any infringement, challenge, or claim. Valbridge has the sole right to control any litigation or other proceeding involving any infringement, challenge or claim of any proprietary information. You must sign all instruments and documents, render all assistance, and do all acts that our attorneys consider necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the proprietary information or otherwise to protect and maintain our interests in the proprietary information.

We are not obligated to protect your right to use the Marks and are not obligated to protect, defend, or indemnify you in the event a third party makes a claim that the use of any Mark or any of our other proprietary information infringes on the intellectual property or other rights of such third party or constitutes unfair competition.

Item 14. **Patents, Copyrights and Proprietary Information**

You do not receive the right to use any patent or copyright, but you can use the proprietary information in the Operations Manual. We do not own any patent or have any pending patent applications.

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management report templates and other materials that we have created are and will be protected under the U.S. copyright law, whether or not we have obtained registrations.

You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights and the Operations Manual, solely for the purpose of promoting your franchised business.

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

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

Proprietary Information

We grant you the right to use our proprietary information that we make available to you only in the manner we authorize and only for the operation of your franchised business. Your rights to use our proprietary information are derived solely from your Franchise Agreement and are limited to the operation of your franchised business under your Franchise Agreement and all applicable standards, specifications, and operating procedures we require during the term. Any unauthorized use of our proprietary information is a breach of your Franchise Agreement and an infringement of our rights. Your use of the proprietary information and any goodwill established by your use inures-

to our exclusive benefit. The Franchise Agreement does not confer any goodwill or other interest in the proprietary information to you, other than the right to operate a franchised business in compliance with the Franchise Agreement solely for the term of that agreement.

We have proprietary, copyrighted manuals, including, but not limited to, the Operations Manual, described in ~~Item 11~~[Item 11](#), that include guidelines, standards, and policies for the operation of your business, and other proprietary information. ~~Item 11~~[Item 11](#) describes the manuals and the manner in which you may use them. All proprietary manuals and materials provided to you or accessible by you are for your use during the term of the franchise, and may not be reproduced, copied, loaned to, used by, or shown to any person by you without our permission.

You must have each manager and employee or independent contractor, and each person who undertakes training sign a restrictive covenants agreement in a form we approve (See Exhibit D to the Franchise Agreement) before you grant him or her access to our manuals or any other proprietary information. In that agreement such person must agree to the confidentiality of the proprietary information, agree not to use any information about the system for his or her own benefit without an appropriate license, and agree not to compete in certain respects with franchisor's business.

Item 15. Obligation to Participate in the Actual Operation of the Franchised Business

We strongly believe that the success of your franchised business will depend to a large extent on your personal and continued efforts, supervision, and attention. We do not require that you personally supervise the franchised business, but we do recommend it.

The franchised business must be directly supervised by you or a manager who has a designation required by us (e.g., MAI, SRA, ASA, CVA, CPA) and who has successfully completed our training program. Your manager cannot have an interest in or be employed by any appraisal firm other than yours and must hold at least a ten percent (10%) ownership interest in ~~the~~your franchisee. The manager must sign ~~a Manager and an Employee and Contractor~~ Restrictive Covenant requiring him or her to maintain confidentiality of our trade secrets and confidential information, and preventing him or her from competing against us in certain businesses.

The manager of your franchisee (if an entity) or the franchisee must successfully complete initial training within the specified time period after the effective date of the Franchise Agreement.

If you are an entity, each owner holding ten percent ~~of~~(10%) or more of the equity of that entity must personally guarantee and agree to be bound by certain of the obligations of the franchisee under the Franchise Agreement (See Exhibit B and E to the Franchise Agreement).

Item 16. Restrictions on What the Franchisee May Sell

Your franchised business is authorized to provide, and must at all times provide, appraisal services for the property type(s) identified in your Franchise Agreement or otherwise ~~approved by us in writing. These services include (1) Appraisal; (2) Appraisal Consulting;~~

approved by us in writing. These services include (1) Appraisal, (2) Appraisal Consulting,
(3) (3) Appraisal Review; (4) evaluations to develop an opinion of value; (5) providing expert consulting or testimony concerning any Appraisal, Appraisal Consulting or Appraisal Review; (6) undertaking such other business activities as may be permitted by Franchisor from time to time; (7) marketing, selling, and offering for sale the products and services described above, including utilizing the Marks; and (8) undertaking such other activities as may be incidental or related thereto.

Your franchised business may not provide any of the following:

1. providing appraisal services for any types of property other than those specifically listed in your Franchise Agreement;

2. any activity requiring a real estate salesperson or real estate broker license to engage in such activity, such as real estate brokerage or providing a broker opinion of value~~;~~₁ or
3. real estate property and asset management for third party property owners~~;~~₁ or
4. appraisal management services~~;~~₁ or
5. the purchase, improvement, sale, leasing₁ and operation of real estate where the Franchisee is a principal in such activity.

You must provide appraisal services for each of the property types listed in your Franchise Agreement at all times during the term of your franchise, unless otherwise approved by us in writing. You must refrain from any deviation from our standards and specifications for providing or selling the products and services without our written consent.

Item 17. **Renewal, Termination, Transfer and Dispute Resolution**

This table lists certain important provisions of the Franchise Agreement and its attachments. You should read these provisions in the agreements in Exhibit B in this disclosure document.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Term of the franchise	4.1	The term of the Franchise Agreement will be from the date that you sign the Franchise Agreement through August ₃ December 31, 2022.
b. Renewal or extension of the term	4.2, 4.3, and 4.4	We have the absolute right not to renew a franchise relationship with you at the end of the initial term. If we elect to renew your franchise, then you may elect to enter into a Renewal Franchise Agreement for a term that is then offered by us to renewing and to new franchisees, and on terms, conditions and provisions that may then be offered by us to new franchisees by providing written notice of your intent to renew at least 60 and not more than 120 days before the end of the initial term. _{terms, conditions and provisions that may then be offered by us to new franchisees.}
c. Requirements for you to renew or extend	4.2 and 4.3	You must not be in default of your Franchise Agreement or any of your obligations to us or any of our affiliated entities or be a party adverse to us or any of our affiliated entities in any mediation, litigation, or arbitration proceeding, and the current Franchise Agreement must have remained in effect through the end of the full amount of the normal term. _{any mediation, litigation, or arbitration proceeding, and the} if you seek to renew your franchise, you must: (1) — give us written notice of your intent to enter a renewal Franchise Agreement not more than 120 days and not less than 60 days prior to the end of the initial term; (2) — sign a new Franchise Agreement which may contain terms and conditions materially different

		than those in your previous Franchise Agreement,
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PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		<u>current Franchise Agreement must have remained in effect through the end of the full amount of the normal term.</u> <u>If you seek to renew your franchise, you must:</u> (1) <u>sign a new Franchise Agreement which may contain terms and conditions materially different than those in your previous Franchise Agreement,</u> such as different fee requirements and territorial rights; (2) <u>pay a renewal fee of between \$69.44 and \$2,500 (see Item 6, Note 11- for more information about the renewal fee);</u> and (3) <u>(4)(3) provide a general release to us of all claims you may have against us at such time.</u> In the case of a renewal, we are not obligated to provide any of the initial or other obligations in the agreement appropriate to the establishment of a new franchise.
d. Termination by you	19.5	You may not unilaterally terminate your Franchise Agreement, except as may be permitted by applicable law.
e. Termination by us without cause	None	We do not have the right to terminate the Franchise Agreement without cause.
f. Termination by us with cause	19.1, 19.2, Exhibit A, subsection (Y)	We may terminate your Franchise Agreement for cause either immediately after notice to you (for defaults that cannot be cured) or on 30 days' written notice to you (for defaults that can be cured). If we provide written notice to you of a default that can be cured, and it is the first time we provide notice to you for that default, and you cure the default within the 30-day notice period, then no termination will occur. We can also withdraw a termination notice in our discretion. <u>The types of defaults that can be cured by you</u> are described in the definition of "For Cause Basis."
g. "Cause" defined – defaults which can be cured	Exhibit A, subsection (Y), 19.2	You have a limited opportunity to cure the defaults listed in Exhibit A, subsection (Y) of the Franchise Agreement within 30 days after we notify you of the default.
h. "Cause" defined – defaults which cannot be cured	19.1(A) through (L)	You do not have an opportunity to cure any of the defaults listed in Section 19.1(A) through (L) of the agreement.

i. Your obligations on termination, expiration or non-renewal	20	You must immediately cease operating as a franchised business; maintain confidentiality of all our confidential information; pay all amounts you owe to us; remove any indicia of the Valbridge System and all Marks from your office and business operations; return to us all tangible copies of our manuals and proprietary information; and discontinue use of the Marks.
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<u>PROVISION</u>	<u>SECTION IN FRANCHISE AGREEMENT</u>	<u>SUMMARY</u>
j. Assignment of contract by us	18.7	We may transfer, in whole or in part, our interest in this agreement to any person or entity without your consent.
k. "Transfer" definition	Exhibit A, subsection (0000III), 18.5	Transfer is interpreted broadly and includes all transactions and arrangements where the net effect is to cause a change of ownership, in whole or in part, of an entity franchisee and includes any transfer of any of the Franchise Rights, the Franchisee's business, or substantially all of the business assets of Franchisee. There is a very limited exemption for transfers: (1) of minority interests in the franchisee entity to employees of the franchisee who purchase such interests in connection with his or her professional employment development or hiring by the franchisee as lateral transfer, and (2) among owners of the franchisee who are original owners or received their interest in the franchisee by virtue of a Franchisor approved transfer under Section 18.3 of the Franchise Agreement.
l. Our approval of transfer by you	18.3	We have the right to approve or disapprove any Transfers, except for transfers: (1) of minority interests in the franchisee entity to employees of the franchisee who purchase such interests in connection with his or her professional employment development or hiring by the franchisee as lateral transfer, and (2) among owners of the franchisee who are original owners or received their interest in the franchisee by virtue of a Franchisor approved transfer under Section 18.3 of the Franchise Agreement.

m. Conditions for our approval of transfer	18.3, 34	We will approve a transfer only if we have all the requested information about the proposed transferee as required by the Franchise Agreement, we do not exercise our right of first refusal (if the Transfer provides for a change of control of the franchisee), we are able, in accordance with applicable law, to enter a franchisor-franchisee relationship with the proposed transferee, the proposed transferee is acceptable to us in our sole and absolute discretion as a person or entity with whom we would otherwise have entered a franchisor-franchisee relationship, you are not in default under any agreement with us or any of our affiliates, you have fully satisfied your obligations under the Franchise Agreement for at least the past 60 days, the transferee signs our then-current form of the Franchise Agreement for a term that lasts until the end of your normal Franchise Agreement term, the transferee satisfactorily completes our application procedures and training, and you pay us a transfer fee of \$5,000.00. No transfer to a competitor of ours is permitted under any circumstances.
n. Our right of first refusal to acquire your business	18.3(A)(2) and (D)	If you request permission to make a transfer and the transfer provides for a change of control of the franchisee, then we have the option to purchase your business on the same terms and conditions as are contained in the

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		proposed transfer offer. We can assign our right of first refusal to another person or entity.
o. Our option to purchase your business	None.	We do not have the right to buy your business unless you propose to transfer it to a third party and the transfer provides for a change of control of the franchisee.
p. Your death or disability	18.3, 18.4,	If, as a result of your death or the death of an equity holder of the franchisee, the franchisee no longer meets the qualifications to own and manage the franchised business (see Section 17.1(C) and (D), and Exhibit A subsection (RR)), the franchisee has one hundred twenty (120) days from such death to complete a transfer pursuant to section 18.3 of the franchise agreement if it hires a qualified manager within ten days of such death to manage the franchised business.

q. Non-competition covenants during the term of the franchise	16.1, 16.2, Exhibit D	You must not: (1) have any unauthorized involvement with any business that competes with us (developing, marketing and selling a national franchised appraisal business) or with appraisal businesses, (2) have any ownership interest or become associated with any business that is similar to our business or the appraisal business, except as may be permitted by us in our sole and absolute discretion, and (3) market your franchised business outside of your territory. You must have your appraisers and your professional and managerial employees and contractors execute a Restrictive Covenant and Intellectual Property Assignment Agreement (Exhibit D to the Franchise Agreement) prior to giving them any information of the franchisor or its affiliates. You are permitted to make modifications to the Restrictive Covenant and Intellectual Property Assignment Agreement to make it enforceable under the law of your state at the direction of any attorney hired by you and on our approval.
r. Non-competition covenants after the franchise is terminated or expires	16.2	For a period of two years you must not: (1) have any involvement with any business that competes with us (developing, marketing and selling a national franchised appraisal business), except for occasional appraisal services provided to any such competitive business, (2) solicit, render services to, or accept business from any of our competitors or their subsidiaries, except for occasional appraisal services provided to any such competitive business, (3) solicit, render services to or accept business from our prospective, former or current customers, excluding those customers that you develop as part of your franchised business, or (4) engage any of our employees, independent contractors, or former franchisees in your business.
s. Modification of the agreement	29	You and we must agree on any changes to the Franchise Agreement, but we may change the contents of the operations manual unilaterally. We may modify the Valbridge System, and a court may modify any provision of

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		business assets of Franchisee. There is a very limited exemption for transfers of minority interests in the franchisee entity to employees of the franchisee who purchase such interests in connection with his or her professional employment development, or hiring by the franchisee as lateral transfer.
l. Our approval of transfer by you	18.3	Except for limited circumstances where a qualified franchisee employee becomes a “partner” in a franchisee entity (see Section 18.5 of the Franchise Agreement) or for transfers among owners that we have previously approved, we have the right to approve or disapprove any Transfers.
m. Conditions for our approval of transfer	18.3 , 34	We will approve a transfer only if we have all the requested information about the proposed transferee as required by the Franchise Agreement, we do not exercise our right of first refusal, we are able, in accordance with applicable law, to enter a franchisor-franchisee relationship with the

		proposed transferee, the proposed transferee is acceptable to us in our sole and absolute discretion as a person or entity with whom we would otherwise have entered a franchisor-franchisee relationship, you are not in default under any agreement with us or any of our affiliates and you have fully satisfied your obligations under the Franchise Agreement for at least the past 60 days, the transferee signs our then-current form of the Franchise Agreement for a term that extends to the end of your normal Franchise Agreement term, the transferee satisfactorily completes our application procedures and training, and you pay us a transfer fee of \$5,000.00, your Franchise Agreement in accordance with applicable law.
n. Our right of first refusal to acquire your business	18.3(A)(2) and (D)	If you request permission to make a transfer, we have the option to purchase your business on the same terms and conditions as contained in the proposed transfer offer.
o. Our option to purchase your business	None.	We do not have the right to buy your business unless you propose to transfer it to a third party.
p. Your death or disability	18.3, 18.4,	If, as a result of your death or the death of an equity holder of the franchisee, the franchisee no longer meets the qualifications to own and manage the franchised business (see Section 17.1(C) and (D), and Exhibit A subsection (RR)), then the franchisee shall have one hundred twenty (120) days from such death to complete a transfer pursuant to section 18.3 of the franchise agreement if it hires a qualified manager within ten days of such death to manage the franchised business.
q. Non-competition covenants during the term of the franchise	16.1, 16.2, Exhibit D	You must not: (1) have any unauthorized involvement with any business that competes with us (developing, marketing and selling a national franchised appraisal business) or with appraisal businesses; (2) have any ownership interest or become associated with any business that is similar to our business or the appraisal business, except as may be

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		permitted by us in our sole and absolute discretion; and (3) market your franchised business outside of your territory. You must have your appraisers and your professional and managerial employees and contractors execute a Restrictive Covenant and Intellectual Property Assignment Agreement (Exhibit D to the Franchise Agreement) prior to giving them any information of the franchisor or its affiliates. You are permitted to make modifications to the Restrictive Covenant and Intellectual Property Assignment Agreement to make it enforceable under the law of your state at the direction of any attorney hired by you and on our approval.

r. Non-competition covenants after the franchise is terminated or expires	16.2	For a period of two years you must not: (1) have any involvement with any business that competes with us (developing, marketing and selling a national franchised appraisal business), except for occasional appraisal services provided to any such competitive business; (2) solicit, render services to, or accept business from any of our competitors or their subsidiaries, except for occasional appraisal services provided to any such competitive business; (3) solicit, render services to or accept business from our prospective, former or current customers, excluding those customers that you develop as part of your franchised business; or (4) engage any of our employees, independent contractors, or former franchisees in your business.
s. Modification of the agreement	29	You and we must agree on any changes to the Franchise Agreement, but we may change the contents of the operations manual unilaterally. We may modify the Valbridge System, and a court may modify any provision of your Franchise Agreement in accordance with applicable law.
t. Integration/merger clause	29	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None.	We do not require dispute resolution by arbitration or mediation.
v. Choice of forum	33	Subject to applicable state law, any litigation or arbitration proceeding will be heard where our principal business address is located at the time of the filing (subject to state law), currently being Naples, Florida.
w. Choice of law	33	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), the Franchise Agreement is interpreted under the laws of Florida (subject to applicable state law).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
x. Waiver of jury trial	36	You Subject to applicable state law, you and we each waive our respective rights to a jury trial. This provision is subject to state law.

y. Waiver of punitive damages	35	You must waive your right to claims for indirect, incidental, consequential, special, punitive, or exemplary damages of any kind, including, but not limited to, lost profits, loss of business or other economic damage, or injury to property. In the event of any litigation, mediation, arbitration, or controversy between you and us, we are each limited to the recovery of any actual damages sustained. You must also waive your rights to any proceeding in the nature of a class action against us and our affiliates.
z. Liquidated damages	19.3	We are entitled to collected liquidated damages of either \$1,000, or \$2,500 for certain breaches of the Franchise Agreement by you. The amount of liquidated damages is dependent on your breach (see Section 19.3). If we collect liquidated damages from you for a breach, we will not terminate the Franchise Agreement for such breach, but we may terminate the Franchise Agreement in the event of a later breach.

Item 18. Public Figures

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

Item 19. Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 our management by contacting Richard Armalavage, rarmalavage@valbridge.com, 2240 Venetian Ct., Naples, FL 34109, (239) 514-4646, the Federal Trade Commission, and the appropriate state regulatory agency.

Item 20. Outlets and Franchisee Information

We were organized in 2013, and first offered franchises in March, 2013. We do not operate a franchised business, but our manager and the officers and directors of our parent (see Section 2) own and operate franchised businesses of the type being offered each for more than five years.

No current and former franchisee has signed a confidentiality cause during the last three years that restricts their ability to speak about their experience with Valbridge Property Advisors. You may wish to speak with current and former franchisees.

Table No. 1
System Outlet Summary for Years ~~2017~~2019 to ~~2019~~2021

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised Units	2019 2017	41 43	42 43	+10
	2020 2018	42 43	41 44	-1
	2021 2019	41 44	42 45	+1
Company-Owned	2019 2017	0	0	0
	2020 2018	0	0	0
	2021 2019	0	0	0
Total Outlets	2019 2017	41 43	42 43	+10
	2020 2018	42 43	41 44	-1
	2021 2019	41 44	42 45	+1

TABLE NO. 2**Transfers of Outlets from Franchisees to New Owners**(Other than Franchisor or an Affiliate) For Years ~~2017~~2019 to ~~2019~~2021

State	Year	Number of Transfers
Florida	2019 2017	1
	2020 2018	0
	2019	1
Louisiana	2017 2021	0
	2018	0
	2019	0
Maryland	2017	1
	2018	0
	2019	0
Minnesota	2019 2017	0 1
	2020 2018	0
	2021 2019	0
Total	2019 2017	2
	2018 2020	0
	2021 2019	1 0

TABLE NO. 3
Status of Franchised Outlets for Years 20172019 to 20212019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- for Other Reasons	Outlets at End of Year
AL	2019 <u>2017</u>	1	0	0	0	0	0	1
	2020 <u>2018</u>	1	0	0	0	0	0	1
	2021 <u>2019</u>	1	0	0	0	0	0	1
AZ	2019 <u>2017</u>	1	0	0	0	0	0	1
	2020 <u>2018</u>	1	0	0	0	0	0	1
	2021 <u>2019</u>	1	0	0	0	0	0	1
CA	2019 <u>2017</u>	5 <u>4</u>	0	1 <u>0</u>	0	0	0	4
	2020 <u>2018</u>	4	0	0	0	0	0	4
	2021 <u>2019</u>	4	0 <u>1</u>	0	0	0	0	4 <u>5</u>
CO	2019 <u>2017</u>	2	0	0	0	0	0	2
	2020 <u>2018</u>	2	0	0	0	0	0	2
	2021 <u>2019</u>	2	0	0	0	0	0	2
CT	2019 <u>2017</u>	1	0	0	0	0	0	1
	2018 <u>2020</u>	1	0	0	0	0	0	1
	2021 <u>2019</u>	1	0	0	0	0	0	1
FL	2019 <u>2017</u>	4 <u>3</u>	0	0	0	0	0	4 <u>3</u>
	2018 <u>2020</u>	4 <u>3</u>	0	0	1 <u>0</u>	0	0	3
	2021 <u>2019</u>	3	0	0	0	0	0	3
GA	2017 <u>2018</u>	1 <u>1</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	1 <u>1</u>
	2019 <u>2020</u>	1 <u>1</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	1 <u>1</u>
GA	2019	1	0	0	0	0	0	1
ID	2017	1	0	0	0	0	0	1

	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
IL	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
IN	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
KN	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
KY	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
LA	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
MD	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1

	2020 019	1	0	0	0	0	0	1
MA	2017 021	01	10	0	0	0	0	1
ID	2019 018	1	0	0	0	0	0	1
	2019 020	1	0	0	0	0	0	1
MI	2017 021	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
IL	2019	1	0	0	0	0	0	1
MN	2017 020	1	0	0	0	0	0	1
	2018 021	1	0	0	0	0	10	01
IN	2019	01	10	0	0	0	0	1
MS	2017 020	01	10	0	0	0	0	1
	2018 021	1	0	0	0	0	0	1
KS	2019	1	0	0	0	0	0	1
NV	2017 020	1	0	0	0	0	0	1
	2018 021	1	0	0	0	0	0	1
KY	2019	1	0	0	0	0	0	1
NJ	2017	1	0	0	0	0	0	1

	020							
	20182021	1	0	0	0	0	0	1
LA	2019	1	0	0	0	0	0	1
NC	20172020	21	0	0	0	0	0	21
	20182021	21	0	0	0	0	0	21
MD	2019	21	0	0	0	0	0	21
OH	20172020	1	0	0	0	0	0	1
	20182021	1	0	0	0	0	0	1
MA	2019	1	0	0	0	0	0	1
OK	20172020	1	0	0	0	0	0	1
	20182021	1	0	0	0	0	0	1
MI	2019	1	0	0	0	0	0	1
OR	20172020	01	0	0	0	0	0	01
	20182021	01	0	0	0	0	0	01
MN	2019	0	01	0	0	0	0	01
PA	20172020	21	0	0	0	0	0	21
	20182021	21	0	0	0	0	0	21
MO	2019	20	0	0	0	0	0	20
SC	20172020	20	01	0	0	0	0	21
	20182021	21	10	0	0	0	10	21
MS	2019	21	0	0	0	0	0	21
TN	20172020	31	0	0	0	0	0	31
	20182021	31	0	0	0	0	0	31
NV	2019	31	0	0	0	0	0	31
TX	20172020	21	0	0	0	0	0	21
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
UT	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
VA	2017	1	0	0	0	0	0	1

	<u>2018</u> <u>2021</u>	1	0	0	0	0	0	1
<u>NJ</u>	2019	1	0	0	0	0	0	1
<u>WA</u>	<u>2017</u> <u>2020</u>	<u>0</u> <u>1</u>	0	0	0	0	0	<u>0</u> <u>1</u>
	<u>2018</u> <u>2021</u>	<u>0</u> <u>1</u>	0	0	0	0	0	<u>0</u> <u>1</u>
<u>NC</u>	2019	<u>0</u> <u>2</u>	0	0	0	0	0	<u>0</u> <u>2</u>
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>WI</u> <u>OH</u>	<u>2019</u> <u>2017</u>	1	0	0	0	0	0	1
	<u>2018</u> <u>2020</u>	1	0	0	0	0	0	1
	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>OK</u>	2019	1	0	0	0	0	0	1
<u>Total</u>	<u>2017</u> <u>2020</u>	<u>4</u> <u>1</u>	<u>2</u> <u>0</u>	<u>1</u> <u>0</u>	0	0	0	<u>4</u> <u>2</u> <u>1</u>
	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>OR</u>	<u>2019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>PA</u>	<u>2019</u> <u>2018</u>	<u>4</u> <u>2</u> <u>2</u>	<u>2</u> <u>0</u>	0	<u>1</u> <u>0</u>	0	<u>2</u> <u>0</u>	<u>4</u> <u>1</u> <u>2</u>
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>SC</u>	<u>2019</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>TN</u>	<u>2019</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2020</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>TX</u>	<u>2019</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2020</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>UT</u>	2019	<u>4</u> <u>1</u>	<u>1</u> <u>0</u>	0	0	0	0	<u>4</u> <u>2</u> <u>1</u>
	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>VA</u>	<u>2019</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>WA</u>	<u>2019</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>WI</u>	<u>2019</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2020</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

<u>Total</u>	<u>2019</u>	<u>43</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>43</u>
	<u>2020</u>	<u>43</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44</u>
	<u>2021</u>	<u>44</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>45</u>

TABLE NO. 4
Status of Company-Owned Outlets for Years 2017~~2019~~ to 2019~~2021~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-Acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Total	<u>2019</u> 2017	0	0	0	0	0	0
	<u>2018</u> 2020	0	0	0	0	0	0
	<u>2019</u> 2021	0	0	0	0	0	0

TABLE NO. 5
Projected Openings as of December 31, 2019~~2021~~

STATE	Franchise Agreements Signed but Outlet Not Opened as of December 31, <u>2019</u> 2021	Projected New Franchised Outlets in <u>2022</u> 2020 as of December 31, <u>2019</u> <u>2021</u>	Projected New Company-Owned Outlets in <u>2022</u> 2020 as of December 31, <u>2019</u> 2021
Alabama	0	0	0
Arizona	0	<u>0</u> <u>1</u>	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0
Florida	0	0	0
Georgia	0	0	0
Iowa	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	<u>1</u> <u>0</u>	0
Missouri	0	<u>1</u> <u>0</u>	0
New Jersey	0	0	0

New York	0	0	0
North Carolina	0	0	0
North Dakota	0	1	0
Nevada	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	01	0
Pennsylvania	0	0	0
South Carolina	0	0	0

Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Virginia	0	0	0
Washington	0	1	0
Wisconsin	0	0	0
Total	0	34	0

As of December 31, ~~2019~~[2021](#), there were ~~4245 franchisees and eleven former franchisees~~. ~~As of December 31, 2020, there were 44~~ franchisees and eleven former franchisees. See Exhibit C for the identities and contact information for our franchisees and Exhibit D for the identities and contact information for our former franchisees. As of December 31, ~~2018~~[2019](#), there were ~~4143~~ franchisees and ~~nine~~[eleven](#) former franchisees.

If you buy a franchised business, your contact information will be disclosed to other buyers during the time you are a franchisee and after you leave the franchise system.

There are no trademark-specific franchisee associations that we sponsor or that have requested to be included in this disclosure document.

Item 21. Financial Statements

Exhibit E includes our financial statements, including:

- ~~(1) our audited financial statements for 2017, including a balance sheet at December 31, 2017, a statement of operations and members equity for the calendar year ending on December 31, 2017, and statement of cash flows for the calendar year ending December 31, 2017; and~~
- ~~(2) our audited financial statements for 2018, including a balance sheet at December 31, 2018, a statement of operations and members equity for the calendar year ending on December 31, 2018, and statement of cash flows for the calendar year ending December 31, 2018; and~~
- ~~(3)~~[\(1\)](#) our audited financial statements for 2019, including a balance sheet at December 31, 2019, a statement of operations and members equity for the calendar year ending on December 31, 2019, and statement of cash flows for the calendar year ending December 31, 2019, ~~and~~

- (2) our audited financial statements for 2020, including a balance sheet at December 31, 2020, a statement of operations and members equity for the calendar year ending on December 31, 2020, and statement of cash flows for the calendar year ending December 31, 2020,
- (3) our audited financial statements for 2021, including a balance sheet at December 31, 2021, a statement of operations and members equity for the calendar year ending on December 31, 2021, and statement of cash flows for the calendar year ending December 31, 2021, and
- (4) our unaudited financial statements for January through March 31, 2022, including a balance sheet at March 31, 2022, and a profit and loss statement for the three-month period ending on March 31, 2022, for each of: (a) our parent, Valbridge Property Advisors, Inc., and (b) Data Appraise Systems, LLC, a wholly owned subsidiary of our parent.

Our fiscal year end is December 31.

Item 22. Contracts

Exhibit B includes the Franchise Agreement and all attachments and exhibits to the Franchise Agreement, including: (1) Exhibit A to the Franchise Agreement, the Definitions, (2) Exhibit B to the Franchise Agreement, the Continuing Unconditional Guarantee, (3) Exhibit C to the Franchise Agreement, the General Release, (4) Exhibit D

~~Definitions; (2) Exhibit B to the Franchise Agreement, the Continuing Unconditional Guarantee; (3) Exhibit C to the Franchise Agreement, the General Release; (4) Exhibit D to the Franchise Agreement, the Manager and Employee and Contractor Restrictive Covenant;~~ (5) Exhibit E to the Franchise Agreement, the ~~Form of Equity Holder~~ Joinder and Adoption ~~by Affiliate of Sections of the Franchise Agreement;~~ (6) Exhibit F to the Franchise Agreement, the Current Form of Dataprise SaaS Software Services and License Agreement; and (7) Exhibit G to the Franchise Agreement, the Current Form of Database Access and License Agreement.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California.	Pending.
Illinois.	Pending.
Indiana.	January 20, 2021 Pending.
Maryland.	Pending.
Michigan.	January 6, 2021 Pending.
Minnesota.	Pending.
New York.	September 6, Pending, 2020.
<u>North Dakota.</u>	<u>May 7, 2022</u>
Virginia.	Pending.
Washington.	Pending.
Wisconsin.	June 28, 2021. Pending.

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Item 23. Receipt

Exhibit H includes detachable documents acknowledging your receipt of this disclosure document.

NOTICE OF NEGOTIATED SALES

Item 5, Item 6, Item 7, and Item 9 of this Franchise Disclosure Document and the corresponding provisions of the Franchise Agreement have been negotiated with one or more franchisees.

We have entered contracts with one or more new franchisees to permit them to delay payment of: (1) the initial franchise fee and the Technology Infrastructure Fee for the earlier of two years or the occurrence of certain events, and (2) royalties until the first of: (a) the franchisee: (i) achieves a minimum gross revenue, (ii) issues or transfers an interest in the franchisee to another person, or (iii) sells the franchise, or (b) the franchise is terminated or renewed.

The new franchisees with whom we have entered negotiated franchise agreement are related parties (i.e., they have common owners) to other franchisees in our system, and the entry of these franchise agreements were undertaken as part of the expansion of our franchise system through the development of new franchised locations or the purchase of existing businesses that subsequently became franchised locations.

A copy of the negotiated sales terms is available upon written request directed to:

Valbridge Property Advisors Franchising System, LLC
Attn.: Richard Armalavage, Manager
2240 Venetian Ct.
Naples, FL 34109
(239) 514-4646 (phone)
(239) 514-4647 (fax)
rarmalavage@valbridge.com (email)

CALIFORNIA ADDENDUM

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

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

California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

The franchise agreement requires binding arbitration and that such arbitration will occur at the offices of the American Arbitration Association nearest our home office, with cost being paid by the party which does not prevail in the arbitration. This provision may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code § 20040.5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of the franchise agreement restricting venue to a forum outside the state of California.”

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)

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

The Franchisor's website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of the Franchisor's website may be directed to the California Department of Corporations: www.corp.ca.gov

Registration of this franchise disclosure document does not constitute approval, recommendation, or endorsement by the California Department of Corporations Commissioner.

Item 3: Additional California Disclosure.

None of the persons identified in Item 2 of the Disclosure and none of the franchisor or any Sales Agent of the Franchisor is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et. seq., suspending or expelling such person from membership in any such association or exchange.

Notice Required by California Exemption for Internet Advertisements.

Our website URL is: Valbridge.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dco.ca.gov.

IN WITNESS WHEREOF, the parties hereto have executed and entered this California Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

~~Valbridge Property Advisors
Franchising System, LLC~~

By:

~~Rick Armalavage, Manager~~

Franchisee:

~~Name of Entity (if applicable):~~

By:

~~Print name:~~

~~Title:~~

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

ILLINOIS ADDENDUM

~~The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended consistent with Illinois Law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.~~

~~Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provides rights to franchisees concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.~~

~~Paragraph 705/41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly.~~

ILLINOIS ADDENDUM

The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended consistent with Illinois Law, including the Franchise Disclosure Act of 1987, 815 ILCs 705/1-44. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provides rights to franchisees concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

Paragraph 705/41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Illinois Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

~~Valbridge Property Advisors-
Franchising System, LLC~~

By:

~~Rick Armalavage, Manager~~

Franchisee:

~~Name of Entity (if applicable):~~

By:

~~Print name:~~

~~Title:~~

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

INDIANA ADDENDUM

~~Pursuant to IC 23-2-2.7-1, the following shall supersede any provisions to the contrary in the Franchise Disclosure Document and shall apply to all franchises offered and sold in the State of Indiana.~~

~~It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:~~

- ~~(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.~~

~~Allowing the franchisor to establish a franchisor owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement;~~

INDIANA ADDENDUM

Pursuant to IC 23-2-2.7-1, the following shall supersede any provisions to the contrary in the Franchise Disclosure Document and shall apply to all franchises offered and sold in the State of Indiana.

It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

- (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
- (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
- (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
- (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
- (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.
- (6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new

models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

- (7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.
- (8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.
- (9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.
- (10) Limiting litigation brought for breach of the agreement in any manner whatsoever.
- (11) Requiring the franchisee to participate in any:
 - a) advertising campaign or contest^{7.1}
 - b) promotional campaign^{7.1}
 - c) promotional materials^{7.1} or
 - d) display decorations or materials^{7.1}at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

Further, IC 23-2-2.5-9(2) of the Indiana Franchise Practices Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the franchise agreement^{7.1} or (ii) 10 days prior to franchisor's receipt of any consideration. The Receipt is amended to reflect the 10-day waiting period.

[Signatures on the following page. Balance of this page intentionally left blank.]

[Signature page to Indiana Addendum to Franchise Agreement.]

IN WITNESS WHEREOF, the parties hereto have executed and entered this Indiana Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

By: _____

Rick Armalavage, Manager

Franchisee:

Name of Entity (if applicable):

By: _____

Print name:

Title:

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

By: _____

Rick Armalavage, Manager

Franchisee:

Name of Entity (if applicable):

By: _____

Print name:

Title:

MARYLAND ADDENDUM

The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise, the franchisor may not require franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding: any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver, or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Item 17 of the Franchise Disclosure Document and Section 18 of the Franchise Agreement are amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 18 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland.

For franchisees having a franchised business in Maryland or a Territory that includes any part of Maryland, Item 5 of the Franchise Disclosure Document and Section 11.2 of the Franchise Agreement are amended as follows:

All fees shall be deferred pending satisfaction of all of the Franchisor's pre-opening obligations to the Franchisee.

[Signatures on the following page. Balance of this page intentionally left blank.]

[Signature page to Maryland Addendum to Franchise Agreement.]

IN WITNESS WHEREOF, the parties hereto have executed and entered this Maryland Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

By: _____

Rick Armalavage, Manager

Franchisee:

Name of Entity (if applicable):

By: _____

Print name:

Title:

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

By: _____

Rick Armalavage, Manager

Franchisee:

Name of Entity (if applicable):

By: _____

Print name:

Title:

MICHIGAN ADDENDUM

NOTICE REQUIRED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

The following statement is required to be provided to the franchisee under the Michigan Franchise Investment Law. By providing this statement, the franchisor does not represent or warrant that any of the following provisions of the law are enforceable. The franchisor reserves the right to contest the enforceability of any of the following provisions.

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against the franchisee. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

(i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, [or endorsement by the attorney general.](#)

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913 (517) 373-7117.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Michigan Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

MINNESOTA ADDENDUM

Minnesota Statute 80C. 21 and Minnesota Rule 2860. 4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C. 14 Subd. 3-5, which require (except in certain specified cases)

- o that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- o that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C. 12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name. Minnesota Rules 2860. 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860. 4400(J). Also, a court will determine if a bond is required. The Limitations of Claims section must comply with Minnesota Statute 80C. 17 Subd. 5.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Minnesota Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

NEW YORK ADDENDUM

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian

franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed and entered this New York Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

NORTH DAKOTA ADDENDUM

Pursuant to NDCC Section 51-19-09, the North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota Franchisees and requires that certain provisions contained in franchise documents be amended consistent with North Dakota Law. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

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

[Signatures on the following page. Balance of this page intentionally left blank.]

[Signature page to North Dakota Addendum to Franchise Agreement.]

IN WITNESS WHEREOF, the parties hereto have executed and entered this North Dakota Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

VIRGINIA ADDENDUM

Item 18 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the following statements are added to Item 17 of the Franchise Disclosure Document.

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

IN WITNESS WHEREOF, the parties hereto have executed and entered this Virginia Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

WASHINGTON ADDENDUM

The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in the franchisee's relationship with the franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the franchise agreement in the franchisee's relationship with the franchisor including the areas of termination and renewal of the franchise.

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial may not be enforceable.

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

If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington.

Initial franchise fees of Washington franchisees will be deferred until the franchisor has fulfilled its pre-opening obligations and the franchisee is open for business.

The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

[Signatures on the following page. Balance of this page intentionally left blank.]

[Signature page to Washington State Addendum to Franchise Agreement.]

IN WITNESS WHEREOF, the parties hereto have executed and entered this Washington Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

EXHIBITS TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A - AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
<u>CALIFORNIA</u>	<u>California Franchise Division</u> <u>Department of Corporations</u> <u>2101 Arena Boulevard</u> <u>Sacramento, CA 95834</u> <u>(866) 275-2677</u>	<u>California Corporations</u> <u>Commissioner</u> <u>OR</u> <u>CSC-Lawyers Incorporating Service</u> <u>2710 Gateway Oaks Dr., Ste. 150N</u> <u>Sacramento, CA 95833-3505</u>
<u>ILLINOIS</u>	<u>Office of the Attorney General</u> <u>Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, IL 6276</u> <u>(217) 782-4465</u>	<u>Illinois Attorney General</u> <u>OR</u> <u>Illinois Corporation Service Company</u> <u>801 Adlai Stevenson Drive</u> <u>Springfield, IL 62703</u>
<u>INDIANA</u>	<u>Indiana Secretary of State</u> <u>Securities Division</u> <u>302 West Washington St., Room E-111</u> <u>Indianapolis, IN 46204</u> <u>(317) 232-6681</u>	<u>Indiana Secretary of State</u> <u>201 State House</u> <u>Indianapolis, IN 46204</u> <u>OR</u> <u>Corporation Service Company</u> <u>135 North Pennsylvania Street</u> <u>Suite 1610</u> <u>Indianapolis, IN 46204</u>
<u>MARYLAND</u>	<u>Office of the Attorney General</u> <u>Division of Securities</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>	<u>Maryland Securities</u> <u>Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202</u> <u>OR</u> <u>CSC-Lawyers Incorporating Service</u> <u>Company</u> <u>7 St. Paul Street, Suite 820</u> <u>Baltimore, MD 21202</u>
<u>MICHIGAN</u>	<u>Michigan Department of Attorney General</u> <u>Consumer Protection Division</u> <u>Antitrust and Franchise Unit</u> <u>670 Law Building Lansing, MI 48913</u> <u>(517) 373-7117</u>	<u>Michigan Department of Commerce,</u> <u>Corporations and Securities Bureau</u> <u>OR</u> <u>CSC-Lawyers Incorporating Service</u> <u>(Company)</u> <u>2900 West Road, Suite 500</u> <u>East Lansing, MI 48823</u>
<u>MINNESOTA</u>	<u>Minnesota Department of Commerce</u> <u>87 7th Place East, Ste. 280</u> <u>St. Paul, MN 55101</u> <u>(651) 539-1600</u>	<u>Minnesota Commissioner of</u> <u>Commerce</u> <u>OR</u> <u>Corporation Service Company</u> <u>2345 Rice Street, Suite 230</u> <u>Roseville, MN 55113</u>
<u>NEW YORK</u>	<u>New York State Department of Law</u> <u>Investor Protection Bureau</u>	<u>Secretary of State</u> <u>99 Washington Street</u>

	28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8236	Albany, NY 12231
NORTH CAROLINA	North Carolina Secretary of State P.O. Box 29622 Raleigh, NC 27626-0622 (919) 807-2000	North Carolina Secretary of State
NORTH DAKOTA	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue, State Capitol 5th Floor Bismark, ND 58505-0510	Corporation Service Company 1709 North 19th Street, Suite 3 Bismark, ND 58501-2121
SOUTH CAROLINA	SC Secretary of State's Office Attn: Business Filings Division 1205 Pendleton Street, Suite 525 Columbia, SC 29201 (803) 734-1728	Corporation Service Company 508 Meeting Street West Columbia, SC 29169
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 E. Main St. Richmond, VA 23219 OR Corporation Service Company 100 Shockoe Slip 2nd Floor Richmond, VA 23219
WASHINGTON	Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	Director of Washington Financial Institutions OR Corporation Service Company 300 Deschutes Way SW Suite 208 Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8557	Commissioner of Securities of Wisconsin OR CSC-Lawyers Incorporating Service Company 8040 Excelsior Drive, Suite 400 Madison, WI 53717

EXHIBIT B - FRANCHISE AGREEMENT AND STATE SPECIFIC ADDENDA

VALBRIDGE PROPERTY ADVISORS

FRANCHISE AGREEMENT

[\(2022 Extension\)](#)

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[EXHIBIT F – FORM OF DATAPRAISE SAAS SOFTWARE SERVICES AND
LICENSE AGREEMENT](#)

[EXHIBIT G – FORM OF DATABASE ACCESS AND LICENSE AGREEMENT](#)

Franchise Agreement Signature Page

At and as of the effective date set forth in the Informational Provisions above (the “Effective Date”), Valbridge Property Advisors Franchising System, LLC, a Florida limited liability company (the “Franchisor”), as franchisor, and the franchisee identified in the signature block below (the “Franchisee”), as franchisee, enter this franchise agreement version V20220531.0603, including the Informational Provisions and Sections 1 through 40 hereof, as may be amended or modified by the state addenda applicable to the Franchisee, if any (collectively being the “Agreement”).

The Franchisee and the Franchisor are parties to a prior franchise agreement that ends on August 3, 2022 (the “Prior FA”). This Agreement is a *short-term* renewal of the Prior FA with certain revisions and, therefore, the renewal fee of \$2,500.00, due upon the entry of this Agreement as a replacement of the Prior FA, is hereby waived by the Franchisor.

Franchisor: Valbridge Property
Advisors Franchising System, LLC

Franchisee:
Name of Franchisee (if an entity):

By:
Rick Armalavage, Manager

By:
Print name of authorized signer below:

Print title of authorized signer below:

Informational Provisions

Franchise Agreement Effective Date: August 4, 2022 (the "Effective Date").

Normal Termination Date: 11:59 p.m. on December 31, 2022.

Franchisee – General Information.

Franchisee:

Type: ☐ Corporation ☐ LLC ☐ Individual ☐ General Partnership ☐ Other

Note: if the Franchisee is a partnership, corporation, limited liability company or other entity, list all of the names of the stockholders, members, or partners below.

State of Formation:

Address

Authorized Franchisee
Trade Name (Main Office):

Authorized Franchisee
Trade Name
(Second Office):

Authorized Franchisee
Trade Name
(Third Office):

Type of Franchise Agreement. This franchise is a renewal franchise agreement.

Franchisee Gross Revenue. Franchisee's actual gross revenues for the prior twelve calendar months are: \$ (the "Prior AGR").

Selected Accounting Method. The Franchisee ordinarily keeps its financial books and records in accordance with (select only one) ☐ Cash Basis Method, or ☐ Accrual Method (the "Selected Accounting Method").

Offices. The Franchisee has:

(number) of office location(s) within the Territory described below, and

(number) of office location(s) outside of the Territory.

The following is the information for each Franchisee office location within the Territory:

Primary Office

Location Address:

No. of Square Ft.

Additional Descript.:

Second Office

Location Address:

No. of Square Ft.

Additional Descript.:

Third Office Location

Address:

No. of Square Ft.

Additional Descript.:

Territory. The “Territory” for purposes of this Franchise Agreement means the geographic area described below:

Name of Territory:

Geographic Description
(Counties)

Franchisee Equity Holders and Related Parties. Skip this section only if the Franchisee is owned by one individual.

Identify:

- (1) each Franchisee Equity Holder (each being a “Franchisee Owner”), and
- (2) for each Franchisee Owner that is not a natural person, each Equity Holder of such Franchisee Owner (each being a “Franchisee L2 Owner”), and
- (3) for each Franchisee L2 Owner that is not a natural person, each Equity Holder of such Franchisee L2 Owner (each being a “Franchisee L3 Owner”), and
- (4) for each Franchisee L3 Owner that is not a natural person, each Equity Holder of such Franchisee L3 Owner (each being a “Franchisee L4 Owner”), and
- (5) for each Franchisee L4 Owner that is not a natural person, each Equity Holder of such Franchisee L4 Owner (each being a “Franchisee L5 Owner”), and

The “interests” of the Franchisee Equity Holders, the Franchisee L2 Owners, the Franchisee L3 Owners, the Franchisee L4 Owners, and the Franchisee L5 Owners must each equal 100 percent.

	<u>% Interest</u>
<u>Name:</u>	
<u>Equity Interest:</u> ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
<u>Type:</u> ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
<u>Address:</u>	
<u>Designations:</u>	
<u>Name:</u>	
<u>Equity Interest:</u> ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	

Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
Address:	
Designations:	
Name:	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
Address:	
Designations:	
Name:	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
Address:	
Designations:	
Name:	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
Address:	
Designations:	
Name:	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
Address:	
Designations:	
Name:	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
Address:	

<u>Designations:</u>	
<u>Name:</u>	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
<u>Address:</u>	
<u>Designations:</u>	
<u>Name:</u>	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
<u>Address:</u>	
<u>Designations:</u>	
<u>Name:</u>	
Equity Interest: ☐ Franchisee Equity Holder ☐ Franchisee L2 Owner ☐ Franchisee L3 Owner ☐ Franchisee L4 Owner ☐ Franchisee L5 Owner ☐ Other (describe):	
Type: ☐ Individual ☐ Corporation ☐ LLC ☐ General Partnership ☐ Other (describe below):	
<u>Address:</u>	
<u>Designations:</u>	

Each Franchisee Equity Holder, Principal, and manager or officer of a Franchisee Equity Holder is required to, and, depending on the indirect Equity Interest, each Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner may be required to execute and deliver to Franchisor the Ancillary Franchise Documents, including the following Exhibits to this Franchise Agreement:

- (1) a Continuing Unconditional Guarantee attached hereto as Exhibit B, from each Principal,
 - (2) an Employee and Contractor Restrictive Covenant attached hereto as Exhibit D, and
 - (3) an Equity Holder Joinder and Adoption Agreement attached hereto as Exhibit E.
- End of Informational Provisions.**

FRANCHISE AGREEMENT

The parties agree as follows:

1. Definitions.

The capitalized terms in this Agreement shall have the meanings set forth in Section 11.1, Exhibit A to this Agreement, which is incorporated herein by reference, and as may be defined elsewhere in this Agreement.

2. Grant of Franchise Rights.

2.1 Generally.

For the Term (as defined in Section 4 below) Franchisor hereby grants Franchisee the non-exclusive right to use the following intangible properties solely to undertake and engage in the Business at and from each Location strictly in accordance with this Agreement and the then current Operations Manual (the “Franchise Rights”):

- (A) The Valbridge System,
- (B) The Marks (solely in connection with the operation of the Business),
- (C) Franchisor’s accumulated experience, knowledge and know-how relating to the Business as set forth in the Operations Manual and provided to Franchisee in Franchisor’s other communications, and
- (D) Such other intellectual property rights as Franchisor may make available to Franchisee in connection with the operation of the Business.

2.2 Franchisee’s Utilization of the Marks.

No later than the Mark Utilization Date and continuing for the balance of the Term of this Agreement, the Franchisee shall:

- (A) file such notices, applications, documents, and renewals, place or publish any required public notices, and pay all filing and other fees and costs as may be necessary under the laws applicable to Franchisee to permit Franchisee to use the Authorized Franchisee Trade Name as a fictitious name of Franchisee for each and every instance of Franchisee undertaking any activity comprising any part of the Business,
- (B) exclusively utilize the Authorized Franchisee Trade Name and such other Mark or Marks in the form and on the materials as may then be required by Franchisor to be used by franchisees, in accordance with the Operations Manual and for Franchisee’s Business Identity Purposes (e.g., for business cards, letterhead, brochures, envelopes, e-mail signatures, etc.), and
- (C) cease utilization in all respects and for all purposes of each other trade or fictitious name of Franchisee and each corporate name of Franchisee, whether or not utilized in Franchisee’s business prior to the Effective Date, and each other trade or service mark not expressly authorized by Franchisors, except solely for state registration, governmental, and tax filing purposes, and as may be otherwise permitted by this Agreement.

Notwithstanding Sections 2.2(B) or (C), the Franchisor may, in its sole discretion, by prior written authorization for good cause shown, permit the Franchisee to utilize Franchisee’s

corporate name with the Authorized Franchisee Trade Name (or a subset thereof) for purposes of government quotation or other quotation process and the undertaking the Business for any contracts awarded through such quotes if: the applicable quotation process or rules limit the number of Persons that are authorized to participate as a result of Peers utilizing their authorized trade names, Franchisee is prohibited from participating as a result thereof, and Franchisee otherwise fully meets the qualifications and requirements to participate in such quotation process and to be awarded contracts to undertake the Business therefrom.

Immediately upon the termination of this Agreement without the entry of a Renewal Franchise Agreement, time being of the essence, the Franchisee shall, or, in accordance with Section 27, the Franchisor may, terminate: (AA) all registrations and authorizations to utilize the Authorized Franchisee Trade Name and the Marks, and (BB) Franchisee's actual use in all forms of the Authorized Franchisee Trade Name and the Marks (including, for example, by the removal of signs, cessation of use of business cards, etc.).

2.3 Franchisee's Online Marketing.

After the Mark Utilization Date, Franchisee shall:

- (A) not maintain an Online Presence other than as authorized and approved by Franchisor,
- (B) utilize the web page applicable to the Franchisee's location at the Franchisor maintained website, and the e-mail addresses and e-mail signature required by Franchisor to be utilized, as Franchisee's sole and exclusive website and e-mail addresses for Franchisee and its directors, officers, managers, employees, and contractors, and promptly update each from time to time, including upon changes in personnel, locations, or other aspects of the Franchisee's business, and
- (C) remove all information and content at each Online Presence other than as described in Section 2.3(A) and (B), and forward each URL controlled by the Franchisee and previously utilized for an Online Presence and all e-mail addresses at such URL to those required to be utilized in accordance with Section 2.3(B).

For clarification, after the Mark Utilization Date Franchisee may not utilize or have existing any other Online Presence, whether or not existing or utilized prior to the Effective Date, except solely to direct website visitors and Persons sending e-mail communications to the Online Presence required to be utilized in accordance with Section 2.3(B). No component of the Franchisee's Online Presence shall state or imply that Franchisee engages in the Business outside of the Territory.

2.4 All Non-Express Benefits to Franchisor.

Notwithstanding the grant of the Franchise Rights in accordance herewith: (A) Franchisee shall not have any rights, whether express, implied or by estoppel, to any exercise of all or any part of the Franchise Rights or to benefit from the Franchisor Intangible Properties, except during the Term and as expressly set forth and limited herein, (B) all goodwill, benefits and other rights associated with the Franchisor Intangible Properties, including, without limitation, the right to engage in the Business, shall inure solely to, and at all times belong to and be vested in, Franchisor, and (C) all right title and interest in and to each of the Franchisor Intangible Properties, the Operations Manual, the Valbridge System,

and the intellectual property and moral rights therein and pertaining thereto, shall at all times be and remain the property solely of Franchisor, and Franchisee waives and relinquishes, and transfers and assigns to Franchisor, any and all rights Franchisee may acquire in any and all of the foregoing.

3. Territory.

3.1 Generally.

During the Term, the Franchisee shall have the **exclusive right to maintain an office** of the type described in the Informational Provisions above, that at all times complies with the requirements of this Agreement at each Location for the operation of the Business in the Territory, *provided that*, Franchisee acknowledges that:

- (A) **Franchisor's sole obligation concerning the Territory and this Section 3 shall, subject to Franchisor's right to modify the Territory as set forth in this Agreement, be to refrain from granting any other third party the right to establish any physical location for the operation of the Business in the Territory.**
- (B) Franchisor and one or more of the Peers **may, and in all likelihood will**, from time to time, exercise the Franchise Rights and **engage in the Business in the Territory**, including, without limitation, **if Franchisee rejects any Referral Assignment.**
- (C) **there is no right or ability**, and at no time during the Term will there be any right or ability, **for Franchisee to prevent Franchisor or any Peer from** exercising the Franchise Rights and **engaging in the Business in the Territory.**

3.2 Peer Territory Matters.

Proper operation of the Valbridge System requires a spirit of cooperation and communication among Franchisee and the Peers. Therefore, to avoid disputes regarding undertaking the Business in another Peer's territory, Franchisor *strongly* encourages Franchisee to contact and communicate with each Peer in whose territory Franchisee will engage in the Business before doing so to advise the Peer of the undertaking of the Business, and, where possible, to seek to utilize such Peer to support or provide part of services necessary for such engagement.

Note: Section 16.1 contains restrictions on Franchisee's ability to engage in certain activities outside of the Territory.

4. Term.

4.1 Term.

The term of this Agreement (the "**Term**") shall commence on the Effective Date and continue through the earlier of: (A) the Normal Termination Date, or (B) the date of termination if terminated earlier in accordance herewith.

4.2 **FRANCHISOR'S ABSOLUTE RIGHT OF NON-RENEWAL.**

EVEN IF FRANCHISEE MAY ELECT TO ENTER A RENEWAL FRANCHISE AGREEMENT IN ACCORDANCE WITH SECTION 4.3 BELOW AND EVEN IF FRANCHISEE IS IN FULL COMPLIANCE WITH HIS, HER OR ITS OBLIGATIONS UNDER THIS AGREEMENT, **FRANCHISOR SHALL, NONETHELESS, HAVE THE**

ABSOLUTE AND UNCONDITIONAL RIGHT, IN ITS SOLE DISCRETION, FOR ANY REASON OR NO REASON AT ALL, TO ELECT NOT TO RENEW A FRANCHISE RELATIONSHIP WITH FRANCHISEE AND TO ELECT NOT TO ENTER A RENEWAL FRANCHISE AGREEMENT WITH FRANCHISEE. In the event of Franchisor's determination not to enter a renewal franchise agreement with Franchisee, Franchisee hereby waives and relinquishes any and all rights Franchisee may have concerning renewal and releases Franchisor for such non-renewal. To exercise such right, Franchisor shall provide written notice to Franchisee no later than fifteen (15) days prior to the Normal Termination Date. Franchisor shall have no liability whatsoever for any Obligations of Franchisee arising in connection with, or as a result of, such non-renewal.

4.3 Renewal Franchise Agreement.

Subject to Franchisor's absolute right not to renew the franchise relationship with Franchisee, as set forth in Section 4.2 above, Franchisee may enter a new franchise agreement with Franchisor, containing such terms, conditions and provisions as may then be offered by Franchisor to new franchisees (the "**Renewal Franchise Agreement**"), except as such terms, conditions and provisions may be limited by Section 4.4, to take effect immediately following the Normal Termination Date, if, and only if:

- (A) This Agreement did not terminate prior to the Normal Termination Date for any reason, and
- (B) Franchisor is then: (1) continuing to offer franchise arrangements in the state in which the Territory is located, and (2) authorized and permitted, in accordance with applicable law, to offer a franchise arrangement: (a) in the state in which the Territory is located, and (b) to Franchisee,
- (C) For the period of time starting with the effective date of Franchisee's notice and continuing through the last day of the Term, Franchisee was not and is not: (1) in breach of any of the terms of this Agreement, the operations manual, or any of its other obligations to the Franchisor or any affiliated entity of Franchisor, including, without limitation, the failure to acquire and properly utilize any Equipment, Supplies, Software, or Services, and (2) a party adverse to Franchisor or any affiliated entity of Franchisor in any mediation, litigation or arbitration proceeding, and
- (D) Franchisee shall take such actions as may be necessary to bring its business operations and each Location in compliance with the then current requirements of Franchisor for the Valbridge System, and
- (E) Franchisee, no later than the execution of the Renewal Franchise Agreement, provides an original signed general release, in the form attached hereto as Exhibit C (the "**General Release**"), discharging Franchisor, its managers, officers and members, and Parent and its shareholders, officers, directors, collectively and individually, from and against all Obligations, whether or not contingent or matured, that arise from, or are in any way related to, this Agreement or the relationship between Franchisor and Franchisee, but that are not then at issue in any mediation, arbitration or litigation proceeding.

4.4 Renewal Franchise Agreement Limitations.

The terms of the Renewal Franchise Agreement shall be limited only as follows:

(A) Franchisee shall not pay any sum expressed to be by way of initial franchise fee or initial technology fee but shall instead pay a renewal fee in the amount of two thousand five hundred and 00/100 dollars (\$2,500) to cover the costs of closing and processing paperwork of such renewal, and other expenses of the Franchisor relating to such renewal.

(B) Franchisor shall not be obliged to provide any of the initial or other obligations contained in such agreement which are appropriate to the establishment of a new franchisee.

5. The Location(s).

5.1 Generally.

Franchisee:

(A) acknowledges that, notwithstanding the grant of rights concerning or relating to the Territory, the grant of the Franchise Rights is *solely at, from, and for each Location*, and

(B) shall exercise the Franchise Rights and engage in the Business *solely at and from each Location*.

Without limiting the foregoing, Franchisee shall not have or utilize any De Facto Location whether within or outside of the Territory.

The Franchisee may open one or more additional locations within the Territory only upon Franchisor's prior written consent and authorization, which shall not to be unreasonably withheld as long as:

(AA) such additional location meets Franchisor's then current criteria for a primary or additional location, respectively, and

(BB) the Franchisee:

(1) is in full compliance with its obligations under this Agreement and has been for the past ninety (90) days,

(2) has the resources or financial capability to open and operate the additional location for not less than twelve months and provides evidence of same to the Franchisor,

(3) notifies Franchisor in writing, not less than sixty (60) days in advance of opening the additional location, of the additional location's address, size, facility type, and such other information as Franchisor may request from time to time, and

(4) fully complies with the requirements of Section 2.2 and 2.3 prior to the opening of such additional location.

Upon the approval of an additional location, the Informational Provisions shall promptly be revised accordingly.

5.2 Franchisee's Current Location(s).

Franchisee represents and warrants to Franchisor that:

- (A) Franchisee does not promote, operate, or suffer any De Facto Location or undertake all of any part of the Business from a De Facto Location outside of the Territory,
- (B) notwithstanding any inspection or visit to any Location by any officer, director, or other representative of Franchisor:
- (1) each Location set forth in the Informational Provisions is within the Territory,
- (2) the Locations set forth in the Informational Provisions are all of the Locations where Franchisee, each Affiliate, and each Principal engages in the provision of Appraisal services, including without limitation, all or any part of the Business, and
- (3) as of the Effective Date: (a) the pictures provided to Franchisor of each Location fully and accurately reflect such Location (including as to decorations and content), and (b) each Location fully meets or exceeds Franchisor's minimum criteria, rules, and requirements for office space/real property from which its franchisees are permitted to exercise the Franchise Rights (in accordance with the Operations Manual),
- (C) Franchisee engaged in the appraisal business at and from each Location prior to the Effective Date and has not been issued any notice of violation from any governmental authority or related entity in relation to Franchisee's operation or use of such Location, and
- (D) Franchisee has determined each Location was and is acceptable to Franchisee for the operation of an appraisal business.

Franchisee acknowledges that:

- (AA) at no time will Franchisor permit Franchisee to operate from a home office or any location that is not zoned for office use,
- (BB) each Location that is Franchisee's primary office must qualify as not less than Class B office space and meet the criteria, rules, and requirements therefor that are established by Franchisor from time to time and incorporated into the then current Operations Manual,
- (CC) it is relying solely on its own determination that each Location is: (1) acceptable to it for the operation of the Business, and (2) in compliance with the rules and requirements of Franchisor concerning physical locations from which the Business may be operated as of the Effective Date, and
- (DD) it has not and will not undertake any review or analysis of any Location to determine whether Franchisee will be successful in operating the Business from such Location or whether or not such Location is in compliance with the criteria, rules, and requirements of Franchisor concerning locations for the operation of the Business.

Notwithstanding anything to the contrary contained herein, neither Franchisor nor Parent shall be a party to, or in any way guarantee or be responsible for, any obligations, claims, or liabilities arising out of, or in connection with, any Location. If any Location is not, in fact, in compliance with the criteria, rules, and requirements of Franchisor concerning physical locations from which the Business may be operated as of the Effective Date, then Franchisee acknowledges that Franchisor can require the relocation of Franchisee's

business to another compliant location within the Territory. If Franchisee does not own any Location, Franchisee shall acquire exclusive possession of such Location by lease or other means and use reasonable efforts to have the lease for such Location terminate no earlier than the Normal Termination Date.

5.3 Relocation Site and Lease.

In the event of a relocation of any Location, Franchisee shall: (A) find a new location: (1) that is: (a) in compliance with the then current criteria, rules and requirements of Franchisor concerning physical locations from which the Business may be operated, and (b) not less than ten (10) miles from any edge of the Territory (except where Franchisor provides advance written approval in its sole discretion), and (2) from which Franchisee is capable of maximizing his or her ability to engage in the Business in the Territory, and (B) provide written notice to Franchisor of the prospective new location (being a “Relocation Request Notice”) at least twenty (20) business days prior to executing a lease therefore, setting forth therein all relevant information concerning the prospective new location and the lease therefore and providing thereafter all information concerning the new location and the lease arrangements as may be requested by the Franchisor. Franchisor shall have fifteen (15) business days from the effective date of the Relocation Request Notice to reply granting or denying the Relocation Request. Franchisor shall only deny the Relocation Request Notice on a reasonable basis, and if Franchisor does not respond to the Relocation Request Notice on or within such period, then the request shall be deemed granted. Upon the proper relocation, such new location shall thereafter be the “Location” for all purposes and the prior Location shall be removed from the Informational Provisions. Franchisee acknowledges and agrees that any relocation site or lease approved by Franchisor shall not be a guaranty, representation, or representation that such relocation site will be successful or that the terms of such lease are reasonable. Franchisor shall have no liability whatsoever with respect to the selection, approval, or leasing of any new location.

5.4 Inspection.

In order to enable Franchisor to ascertain whether Franchisee is complying with its obligations under this Agreement and in order to enable Franchisor to exercise its rights hereunder, Franchisor may at any reasonable time enter any Location without the consent of Franchisee and Franchisee hereby grants Franchisor the right and license to do so at any time during the Term.

6. Franchisor’s Obligations.

6.1 Initial Obligations.

To assist Franchisee in converting his or her current appraisal business into a Business, Franchisor will provide or make available to Franchisee the following:

- (A) digital templates containing the Valbridge Mark, and marketing materials as may have been established by or for Franchisor for use by franchisees in the operation of the Business,
- (B) advice concerning the transition of Franchisee’s current appraisal business into a Business,
- (C) assistance with establishing sources of supply for materials to be used in the operation of Franchisee’s Business,

- (D) access to the Operations Manual,
- (E) provide Franchisee with: (1) instructions on how to: (a) subscribe to the Datapraise SaaS, and (b) access that Technology Infrastructure that is to be used by Franchisee in the undertaking of the Business, and (2) the specifications for any Franchisee required equipment (e.g., computer system) that may be necessary to utilize such Technology Infrastructure,
- (F) provide Franchisee with other relevant manuals and written material which Franchisor in its discretion deems necessary, and
- (G) include Franchisee's contact information and qualifications on Franchisor's Internet website listing of franchises.

6.2 Continuing Obligations.

During the Term, Franchisor shall:

- (A) provide Franchisee with: (1) details of any alterations, modifications, replacements or improvements to the Valbridge System and the Business, (2) information relating to meetings, conventions, seminars, and franchise meetings organized by Franchisor for its franchisees, whether alone or with licensees, and permit Franchisee to attend at Franchisee's own expense, (3) copies of Franchisor's franchisee newsletter, (4) bulletins on sales and service methods, marketing development and techniques, and business and operating procedures, free of charge, (5) access to a website containing information and communications concerning the operation of a Business and the Valbridge System, and (6) telephone advice and assistance concerning the Business and the Valbridge System,
- (B) utilize Technology Service Fees to: (1) acquire, develop, enhance, or maintain, provide training or customer service concerning, or pay for products or services relating to, Technology Infrastructure, or (2) pay ancillary expenses arising out of, or related to any of the Section 6.2(B)(1) activities, or (3) repay principal, interest, or other fees or charges to lenders of credit facilities for amounts drawn thereon and utilized for one or more of the Section 6.2(B)(1) activities, and
- (C) enter such arrangements and agreements with Data Appraise Systems, LLC, a Florida limited liability company and Affiliate of the Franchisor, to provide the Datapraise SaaS on such terms and at such prices that are not less favorable to Franchisee than those at which Data Appraise Systems, LLC, offers the Datapraise SaaS to third parties that are not franchisees of Franchisor.

6.3 Delegation of Obligations.

Franchisor may subcontract or delegate the performance of any or all of its obligations hereunder to such third parties as it deems advisable.

6.4 No Implied Duties.

Franchisee acknowledges and agrees that, except for Franchisor's duties expressly set forth herein, Franchisor shall not have any other duty or obligations to Franchisee or any Franchisee Equity Holder, including, without limitation, any implied duty of good faith.

6.5 NO WARRANTIES OR REPRESENTATIONS BY FRANCHISOR.

FRANCHISEE'S UTILIZATION OF THE VALBRIDGE SYSTEM AND FRANCHISEE'S ELECTION TO ENGAGE IN THE BUSINESS IN ACCORDANCE HERewith IS BASED SOLELY ON FRANCHISEE'S AND ITS AFFILIATES' DUE DILIGENCE AND DETERMINATION THAT IT IS IN FRANCHISEE'S BEST INTERESTS. FRANCHISOR HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO: (A) NO REPRESENTATIONS OR WARRANTIES CONCERNING PROFITS, GROSS REVENUES, OR ANY OTHER MATTERS CONCERNING THE VALBRIDGE SYSTEM, THE BUSINESS, OR ANYTHING RELATED THERETO, (B) NO WARRANTY OF MERCHANTABILITY, (C) NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (D) NO WARRANTY CONCERNING INTELLECTUAL PROPERTY OWNERSHIP OR INFRINGEMENT, (E) NO WARRANTY OR CLAIMS THAT FRANCHISEE WILL BE ABLE TO: (1) SUCCESSFULLY ENGAGE IN THE BUSINESS, (2) UTILIZE THE VALBRIDGE SYSTEM, OR (3) GENERATE ANY PROFITS OR NET INCOME.

7. Franchisee's Obligations, Representations and Warranties.

7.1 Generally.

Franchisee understands and acknowledges the importance of maintaining Franchisor's standards and of operating the Business in strict conformity therewith to maintain the common brand, identity, reputation and goodwill of the Valbridge System and to protect Franchisor, Franchisee, Franchisor's other franchisees and licensees, the other constituents of the Valbridge System, and the demand for the products and services sold, supplied or provided through or in connection with the Business or in accordance with the Valbridge System. Therefore, Franchisee shall use Franchisee's best efforts at Franchisee's sole expense to timely and fully undertake and complete the following:

- (A) exercise the Franchise Rights in connection with Franchisee's operation of the Business only at and from each Location,
- (B) acquire, install, and replace as reasonably necessary, and diligently and consistently utilize all Equipment, Supplies, Software, and Services from the vendors and providers approved, authorized, or engaged by Franchisor,
- (C) attend, at Franchisee's sole cost and expense, not less than one franchisee meeting each year (such meetings to be held at such times and locations as Franchisor may determine),
- (D) employ and utilize a Qualified Franchisee Equity Holder to manage and control Franchisee's operation of the Business (such person being the "**Franchisee Manager**"), where such Qualified Franchisee Equity Holder:
 - (1) devotes his or her full-time attention to, and has the full authority to manage and control in all respects, Franchisee's operation of the Business, and
 - (2) has attended and successfully completed Franchisor's manager training,
provided that,
 - (3) if there is no Qualified Franchisee Equity Holder because he or she dies or no longer meets the requirements to be a Qualified Franchisee Equity Holder and no other natural person is a Qualified Franchisee Equity Holder, then, on or within

ten (10) business days after there is no Qualified Franchisee Equity Holder and for a period of up to 120 days thereafter, Franchisee shall employ as its Franchisee Manager one natural person who:

- (a) but has one or more of the Operational Qualifications,
 - (b) meets the 7.1(D)(1) and (2) requirements, and
 - (c) is reasonably acceptable to Franchisor,
- (E) manage and operate the Business strictly in accordance with the Valbridge System and the Operations Manual, including, without limitation, complying with such additions, modifications, replacements, and amendments that may, from time to time, be made by Franchisor, a reasonable time (in light of such addition, modification, replacement, or amendment) after notice thereof from Franchisor,
- (F) refrain from having any Mark or part thereof or any word or symbol deceptively similar thereto, a part of the name of Franchisee, except only as may be expressly permitted hereby (and in such case only for so long as permitted hereby),
- (G) operate the Business only under the name or names specified and expressly permitted by Franchisor and only utilizing the Mark or Marks in the manner required by Franchisor without any accompanying words, symbols, or tradenames, trade, or service marks of any nature unless first approved in writing by Franchisor,
- (H) permit only properly licensed and qualified employees and contractors to render appraisal and consulting services, and
- (I) cause each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner, each employee, each contractor engaged by Franchisee during the Term to provide services concerning or relating to the conduct of the Business by the Franchisee, a Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner, and each other Person permitted to have access to any properties or assets of the Franchisor or its Affiliates, including, without limitation, V-AMS, Datappraise, the Valbridge Intranet, the Valbridge Database or any Mark, to execute and deliver to the Franchisee the Employee and Contractor Restrictive Covenant in the form attached hereto as Exhibit D (the “**Employee and Contractor Restrictive Covenant**”), provided that, the Franchisee may revise the Employee and Contractor Restrictive Covenant, if, and only if the Franchisee’s attorney reasonably determines that the Employee and Contractor Restrictive Covenant violates or is unenforceable under the law of the Franchisee’s jurisdiction, the Franchisee provides Franchisor with a letter from such attorney stating, in reasonable detail, a reasonable legal basis for such determination (though such letter shall not create any duty or obligation on the part of the Franchisee’s attorney to the Franchisor), and the revised Employee and Contractor Restrictive Covenant is in accordance with Franchisee’s attorney’s professional advice and reasonably acceptable to the Franchisor (in such case, the revised Employee and Contractor Restrictive Covenant shall be the Employee and Contractor Restrictive Covenant for purposes of this Agreement),
- (J) for and in connection with operation of the Business, subscribe to, with one seat or subscription purchased for each Principal and each of Franchisee’s employees and contractors, no matter his or her duties for the Franchisee (unless such

employee or contractor is expressly exempt from such requirement in accordance with the Operations Manual), enter the current forms of the software services, license, and access agreements therefor, pay the fees and costs for, and utilize regularly and consistently in accordance with applicable compliance documents and policies, each of: (1) the Datapraise SaaS, (2) the Templates, (3) the Valbridge Database, and (4) V-AMS, the Valbridge appraisal management software-as-a-service platform,

(K) acquire, hold, and maintain such designations, licenses, permits, and authorizations as are necessary for Franchisee to engage in the Business and utilize the Valbridge System within the Territory and at such other locations as the Franchisee actually engages in the Business and utilizes the Valbridge System, from time to time,

(L) render appraisals: (1) only in accordance with: (a) where required, the Uniform Standards of Professional Appraisal Practice then in effect, (b) the laws, rules and regulations applicable to the Territory and such other jurisdictions where Franchisee engages in the Business from time to time during the Term, (c) the Operations Manual, and (d) such other non-conflicting rules, standards or requirements as may be adopted or required by Franchisor from time to time, and (2) utilizing the Datapraise SaaS, the Valbridge Database, the Templates and such other templates, forms or report, structures, methodologies, software, and data required by Franchisor to be utilized in connection therewith from time to time,

(M) comply with all laws, ordinances, regulations and requirements of local, state and federal governmental authorities and pay any and all city, county, state and federal sales and use taxes, excise taxes, occupation taxes, license fees and other taxes, assessments and levies arising out of or in connection with all or any part of this Agreement and pay vendors, landlords and other creditors of the Business on a timely basis,

(N) hold Franchisee out as an independent operator of the franchised Business by:

(1) displaying at each Location one or more signs, in such form as may be designated or approved by Franchisor, from time to time, or, in the absence thereof, bearing the words “Independently Owned and Operated by” followed by Franchisee’s name, or other words similar thereto and acceptable to Franchisor,

(2) setting forth the words “Independently Owned and Operated by” followed by Franchisee’s name, or other words similar thereto that are acceptable to Franchisor, in each of Franchisee’s proposals, engagement agreements, reports and invoices, and such other documents as Franchisor may designate from time to time, so as to be reasonably visible to the recipient or user thereof (with respect to the report, reasonably visible shall include setting forth such language in the limiting terms and conditions), provided that: (a) if, and only if, there is an express requirement or an express limitation of the applicable licensing jurisdiction prohibiting the foregoing, then, after notice by Franchisee to the Franchisor of such limitation, the Franchisee shall use such words or expressions permitted by the applicable jurisdiction that are acceptable to Franchisor to accomplish the same

purpose as the above wording, and (b) Franchisee shall not be required to undertake the foregoing for any proposal or engagement agreement supplied by a third party to franchisee (for example, in the case of an engagement agreement provided to Franchisee by a Person in connection with AMC Services), and

- (3) specifically and conspicuously stating in each engagement agreement (which may be via limiting terms and conditions that are incorporated into and provided to the customer contemporaneously with the engagement agreement) and/or report that neither the Franchisor nor the Parent is a party to the engagement agreement and that neither is providing all or any part of the services to such customer, or any warranty, representation or guaranty concerning the matters set forth in the Franchisee's appraisal report.
- (O) prominently display on and in each Location advertising signs in the nature, form, color, number, location, and size and containing such wording and materials as Franchisor may direct in writing, including those containing the Authorized Franchisee Trade Name, and refrain from displaying therein or thereon any sign or advertisement which sets forth a name of Franchisee that is other than the Authorized Franchisee Trade Name, or that Franchisor has not pre-approved in writing,
- (P) answer the telephone at each Location and each telephone used by the employees or contractors of Franchisee in the conduct of the Business with the Authorized Franchisee Trade Name or such other phrase(s) or statements that are required by the Operations Manual, and refrain from answering the telephone with any other name or phrase without the prior written consent of Franchisor,
- (Q) continuously (during normal business hours and days) and diligently carry on, conduct, and operate the Business at each Location in accordance with this Agreement unless prohibited from so doing by an act of God or conditions beyond Franchisee's control, and at all times exercise Franchisee's best efforts, skills, and diligence to conduct, operate and promote the Business in accordance with the Valbridge System, the Operations Manual and this Agreement,
- (R) fully supervise employees and contractors to ensure compliance with the Valbridge System, the Operations Manual and this Agreement, and the utilization of the Datappraise SaaS, Franchisor provided worksheets, the Valbridge Database, the Templates, and V-AMS,
- (S) maintain the interior and exterior of each Location in a good state of repair and decoration, and in a clean, orderly, and sanitary condition,
- (T) refrain from marketing, selling, or providing any product or service that: (1) is not part of the Business utilizing, or in proximity to, any Mark, including, without limitation, an AMC Service or a brokerage related service, (2) does not conform with the standards associated with the Mark, or (3) Franchisor has not approved of in advance and in writing,
- (U) refrain from promoting, establishing, operating, suffering, or utilizing, or permitting any Person to promote, establish, operate or utilize, any De Facto Location, and

immediately close and cease promoting, utilizing, directly or indirectly, any De Facto Location,

- (V) comply with the requirements that Franchisor establishes and instructions that Franchisor provides, from time to time, concerning any of: (1) national accounts or customers, (2) methods, standards, processes, and quality of work product arrangements concerning the Business (subject to any greater requirements of licensing or regulatory bodies), and (3) the Valbridge System and the Operations Manual,
- (W) diligently (as determined in light of the applicable inquiry or request) respond to inquiries and requests for information and quotes regarding pricing, timing, and other matters applicable to the delivery of one or more of the Services that are requested by Franchisor or another franchisee or licensee of Franchisor or a request for quotation received from another Person,
- (X) replace, with replacements that meet Franchisor's then current requirements, all Equipment, Supplies, Software, and Services that become obsolete, inoperable, or not compliant with the then current version of the Operations Manual,
- (Y) use best efforts to maintain the highest quality standards in all matters connected with the Business and the Valbridge Systems, to increase the revenues of the Business at each Location, and to enhance the goodwill associated with and value of the Marks,
- (Z) concerning each Work Product Complaint:

 - (1) upon receipt of such Work Product Complaint, immediately provide written notice (setting forth therein all information known or that can be reasonably secured by Franchisee of, about or in connection with the Work Product Complaint) to each of: (a) Franchisor, (b) the chairperson of each Franchisor designated committee or task force that Franchisor establishes to undertake efforts concerning a Work Product Complaint (e.g., the quality assurance committee, or franchisee training committee, etc.), and (c) if required by an insurance policy applicable to the Work Product Complaint, to the applicable insurer,
 - (2) fully cooperate with Franchisor and its insurers concerning and during the time each Work Product Complaint is not fully resolved, including, but not limited to: (a) promptly responding to all Franchisor and Franchisor designated committees and task force inquiries, (b) providing Franchisor with true, correct and complete copies of all information, materials, data, notes, work product and reports used or produced in connection therewith, or relating thereto, and (c) providing access to Franchisee's employees and contractors undertaking all or any part of, the Services at issue in a Work Product Complaint, and directing each to fully cooperate with all Franchisor and Franchisor designated committees and task force inquiries,
 - (3) take such corrective actions as may be reasonably required by Franchisor to ameliorate or correct a Work Product Complaint whether or not Franchisee believes the Work Product Complaint is warranted or justified, and

- (4) Franchisee authorizes and approves of the communication and delivery and provision of information, materials, data, notes, work product, reports, notes, and records by and among each of Franchisor and its designated committees and task forces and each insurer that provides insurance coverage that is or may be applicable to the claims.
- (AA) refrain from taking any action which may bring the Valbridge System into disrepute, or which may damage the interests of Franchisor or the Valbridge System,
- (BB) take such actions as may be reasonably required to preserve and protect the interests of Franchisor or the Valbridge System,
- (CC) secure such telecommunications utilities services and equipment so as to be able to access the Internet, and
- (DD) use the e-mail addresses provided by Franchisor for Franchisee's sole and exclusive business e-mail address and pay to Franchisor or its designated vendors the annual hosting and maintenance fees for such e-mail addresses.

7.2 Franchisee Representations and Warranties.

Franchisee and each Principal represent and warrant to Franchisor that:

- (A) the Franchisee or one or more of its Qualified Franchisee Equity Holders, holds, and for at least the prior two years has held, all licenses, permits and other authorizations necessary to engage in the Business in the Territory, and has for such period consistently and regularly rendered Appraisals for non-residential real property,
- (B) there are no pending disciplinary or regulatory complaints, investigations or actions concerning or relating to any of the Franchisee, any Principal, Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner that could, if resolved against the respondent result in the loss or suspension of any license, permit, authorization, right or qualification to engage in any part of the Business,
- (C) neither the Franchisee, nor any Principal, Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner has had any license, permit, authorization, right or qualification to engage in any part of the Business revoked, suspended, or sanctioned prior to the Effective Date, and
- (D) all of the information of, about, or provided by the Franchisee and each Principal, Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner whether in any application, documentation, or this Agreement (including the Informational Provisions) is true, correct, and complete in all respects.

8. Training.

8.1 Generally.

Except where Franchisor and Franchisee were parties to a franchise agreement that terminated on the day prior to the Effective Date: (A) Franchisor will provide initial training concerning the conduct of the Business, the Valbridge System and matters relating or pertinent thereto (the "Training"), to the Franchisee Manager and each Qualified

Franchisee Equity Holder at the next meeting of the other franchisees of Franchisor (which generally occurs on an annual basis), and (B) Franchisee shall cause each Franchisee Manager and each Qualified Franchisee Equity Holder, at Franchisee's sole expense, to: (1) successfully complete the then current online portion of the Training on or within 30 days after the Effective Date, and (2) attend the next meeting of the franchisees of Franchisor on or within one year of the Effective Date. Successful completion of Training shall require attendance at not less than eighty percent (80%) of the sessions (including the online sessions), completion of exercises and the passing of any tests relating to the Training by all of the required attendees.

8.2 Franchisee Manager Training.

The Franchisee shall notify Franchisor in writing of the appointment and each replacement of the Franchisee Manager and, subject to Franchisee securing an executed Employee and Contractor Restrictive Covenant in the form attached hereto as Exhibit D from each Franchisee Manager in accordance with Section 7.1(H), shall cause such Franchisee Manager to successfully complete the then current online portion of the Training on or within 30 days after hire and any other training required by the Franchisor. Franchisor will provide the Training to such Franchisee Manager, at Franchisee's expense.

8.3 Staff Training.

Franchisee shall establish, timely and regularly undertake, and maintain a training program for its staff in accordance with the requirements contained in the Operations Manual.

8.4 Additional Training.

Franchisor shall have the right, on not less than sixty (60) days written notice to Franchisee, to require any Franchisee Manager, Qualified Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner, to attend additional training courses if: (A) Franchisor considers attendance at such courses to be advisable, or (B) Franchisor has developed new techniques, methodologies or systems relating to the Valbridge System. The Franchisee Manager, Qualified Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner attending such additional training shall thereafter train the Franchisee's employees and contractors on the subject matter thereof on or within thirty (30) days after attendance. Franchisor may charge tuition or a training fee for training classes of up to \$1,000, and Franchisee shall pay all costs of attendance (e.g., travel, lodging and meal expenses).

9. Licensure, Actions Against Franchisee and Violations of Law.

9.1 Licensing.

During the Term, the Franchisee and each Qualified Franchisee Equity Holder shall:

- (A) be and remain licensed and in good standing in the jurisdictions of each Location as may be necessary or, in the sole opinion of Franchisor, advisable, to engage in the Business (provided that, if such jurisdiction does not require appraisers to be licensed, then such person shall maintain such license(s) as may be required to engage in the Business for federally-related transactions and such license(s) shall be subject to the provisions of this Section 9), and

(B) maintain in good standing and be eligible to use the Operational Qualifications applicable to him or her.

9.2 License Related Notifications.

Franchisee shall immediately notify Franchisor, in writing, in the event of any claim, proceeding or action, whether threatened or commenced in any way, that:

- (A) alleges (whether or not such allegation is true): (1) any professional error or omission or negligence by Franchisee or any of Franchisee's employees or contractors, (2) Franchisee's infringement of any intellectual property rights of any other Person, (3) any facts or circumstances which, if proven true, would be covered by Franchisor Arranged Policy or that are subject to a defense obligation of an insurer providing a Franchisor Arranged Policy,
- (B) would, if proven, render the Franchisee or the Franchisee Manager: (1) unable to: (a) engage in or undertake the management of the Business, or (b) continue to maintain the applicable Operational Qualification, or (2) cause him or her to no longer be a Qualified Franchisee Equity Holder or Franchisee Manager, or
- (C) be reasonably expected to negatively impact the goodwill or reputation of Franchisee, Franchisor or any Mark, including, without limitation, any claim, proceeding or action against Franchisee, the Franchisee Manager, a Qualified Franchisee Equity Holder, or any of Franchisee's other professional employees or contractors that alleges: (1) the violation of ethical, professional or other rules of conduct applicable to all or any part of the Business, (2) fraud, or (3) the commission of a crime of moral turpitude, or a felony.

Such notice shall contain a full description of the claim, proceeding or action, and fully identify the claimant and all circumstances of and information known about the claim, proceeding or action. Franchisee shall, and shall cause its Franchisee Manager, each Qualified Franchisee Equity Holder and other professional employees and contractors to respond to Franchisor's inquiries concerning each claim or action, and provide to Franchisor all documents, data, communications, and other information relating in any way thereto or that may be requested by Franchisor. Franchisee authorizes and directs all agents, insurers and other Persons involved in each Franchisor Arranged Policy to communicate with Franchisor all matters, circumstances and information arising from, in connection with, or that are in any way related to, each claim, proceeding or action against any of Franchisee, the Franchisee Manager, a Qualified Franchisee Equity Holder or any of its other professional employees and contractors that in any way relate to or involve the Franchisee's business or operations. If not subject to defense pursuant to a Franchisor Arranged Policy, Franchisee shall diligently and expeditiously defend any such claim, proceeding or action.

10. Improvements to the Valbridge System.

10.1 Franchisor Improvements.

Franchisor shall endeavor to create and develop new and improved methods of conducting the Business in accordance with the Valbridge System but shall have no obligation to do so.

10.2 Franchisee Improvements.

Franchisee acknowledges and agrees that, but for the access to the Valbridge System and the Operations Manual through the grant of the Franchise Rights, it would not have access to either the Valbridge System or the Operations Manual. Therefore, Franchisee: (A) shall promptly notify Franchisor in writing of all improvements, additions, modifications and innovations that Franchisee or any of Franchisee's employees, officers or directors reasonably believes would be materially beneficial or advisable to make to any of the Valbridge System, the Operations Manual and each Mark (each being an "Improvement"), and (B) does hereby irrevocably grant, assign, transfer and set over unto Franchisor, its successors and assigns, to have and to hold, all and singular, to their own use forever, all of the right, title and interest of any kind, nature or description held by Franchisee or its employees, officers and directors, in and to each Improvement and the intellectual property contained therein, such assignment being made without additional consideration other than the grant of the Franchise Rights.

10.3 Modification of the Valbridge System.

If any of such improvements, additions, modifications, or innovations are determined to be useful, in Franchisor's sole discretion, such improvements, additions, modifications or innovations shall be made available to Franchisee, including, through changes to the Operations Manual.

11. Fees and Royalties.

In consideration of the grant of the Franchise Rights and Franchisor's other obligations herein, Franchisee shall timely pay Franchisor the fees, royalties, assessments, and other amounts becoming due from time to time in accordance with this Agreement, all without set off or adjustment.

11.1 Definitions.

(A) **Adjusted Gross Revenue** means the sum of:

(1) (a) the total gross revenues of Franchisee for the applicable period determined in accordance with the Selected Accounting Method, less

(b) amounts paid or payable by Franchisee for the applicable period in accordance with the Selected Accounting Method:

(i) to Peers,

(ii) as Referral Fees to the Franchisor, and

(iii) to any unrelated contractors:

(X) for fees and costs that do *not* arise from the conduct or any part of the Business (e.g., pass through payments to professional engineers, architects, etc.), for or in connection with matters giving rise to the total gross revenues reported for the applicable period, or

(Y) that arise from the conduct or all or any part of the Business utilizing a contractor appraiser where: (1) the appraisal report or other work product that results from the engagement does not bear any Mark, and is not signed in the

name of the Franchisee, or by any employee or Affiliate of a Franchisee, Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner, and (2) the amount paid by the Franchisee to the contractor appraiser is seventy five percent (75%) or more of the fee charged by the Franchisee for the engagement,

plus,

- (2) the gross revenues of each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner for the applicable period determined in accordance with the Selected Accounting Method that arise from or in connection with such Person engaging in all or any part of the Business and where such gross revenues were not included in the gross revenues of the Franchisee under (1) above.

If the Franchisee fails to comply with its post-termination obligations under this Agreement, including, without limitation, providing reports in accordance with Section 12.3, then the Franchisor may establish an Adjusted Gross Revenue based on historical information and estimated business activities of the Franchisee.

For clarification:

the only amounts deductible from the gross revenues of Franchisee are only those set forth in this Section 11.1(A)(1)(b), and no deduction or adjustment is permitted whatsoever for: (a) any other amounts paid to any appraiser, whether or not such appraiser is a contractor of Franchisee, or (b) revenues generated by business activities that are outside of the Business and conducted by Franchisee (e.g., real estate brokerage or management activities) notwithstanding whether or not any such activities is permitted to be undertaken by the Franchisee pursuant to this Agreement, and

with respect to an appraisal report described under Section (1)(b)(iii)(Y)(1) above, if such report is signed by any employee, officer, manager, or Principal of the Franchisee, then Section (1)(b)(iii)(Y)(1) shall not apply.

- (B) **Annual Meeting Fee** means \$1,025.
- (C) **Base Royalty** means \$24,200.
- (D) **Estimated Franchise Year Revenue** means the Adjusted Gross Revenue for the Franchisee for the prior calendar year multiplied by 1.02 or such other amount that is reasonably acceptable to the Franchisee and the Franchisor.
- (E) **Fiscal Year** means the calendar year unless Franchisee uses a different twelve-month period for purposes of its federal income tax return, in which case it means such twelve-month period.
- (F) **Monthly Estimated Royalty** means one-twelfth of the Royalty for the applicable Franchise Year utilizing the Estimated Franchise Year Revenue as and for the Adjusted Gross Revenue, *provided that*, if a notice is provided in accordance with

Section 11.3(D), then Monthly Estimated Royalty shall be the amount set forth in such notice.

(G) **Referral Assignment** means an opportunity to undertake the Business, in whole or in part, for any third party referred to Franchisee by Franchisor or by a Peer, whether Franchisee undertakes the Business directly for such third party or through the Franchisor or Peer acting as a project coordinator. Referral Assignments where Franchisee is the party receiving the referral will typically be the provision of an Appraisal for a property located within the Franchisee's Territory.

(H) **Royalty** means:

- (1) the Base Royalty, plus
- (2) the result of three percent (3.0%) multiplied by that portion of the Adjusted Gross Revenue that is more than \$500,000 and equal to or less than \$1,500,000, plus
- (3) the result of two and one-half percent (2.5%) multiplied by that portion of the Adjusted Gross Revenue that is more than \$1,500,000 and equal to or less than \$2,550,000, plus
- (4) the result of two percent (2.0%) multiplied by that portion of the Adjusted Gross Revenue that is in excess of \$2,550,000

11.2 Initial Fees.

Except as set forth in Section 4.4(A), contemporaneously with the execution of this Agreement, Franchisee shall pay Franchisor:

- (A) An initial franchise fee (the "**Franchise Fee**") of Seventeen Thousand Five Hundred and 00/100 Dollars (\$17,500.00), and
- (B) An initial Technology Infrastructure Fee (the "**Technology Infrastructure Fee**") of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00).

The Franchise Fee and Technology Infrastructure Fee shall be deemed fully earned and shall be non-refundable when received by Franchisor.

11.3 Royalties, Estimated Royalties, Adjustment and True-Up.

- (A) **Royalty Generally.** In addition to the Franchise Fee, Technology Infrastructure Fee, and the other amounts payable by Franchisee hereunder, Franchisee shall pay the Royalty for each Franchise Year to Franchisor on or before the 60th day after such Franchise Year.
- (B) **Estimated Royalty Payments.** On or before the first day of each calendar month during the Term, Franchisee shall pay the Franchisor the Monthly Estimated Royalty.
- (C) **Quarterly Reporting.** The Franchisee shall provide the Franchisor with a report of the Franchisee's calculation of Adjusted Gross Revenue (on a line-by-line basis, including all information about the Franchisee's gross revenue and each deduction or setoff applied to arrive at the Adjusted Gross Revenue, all of which shall be in accordance with Section 11.1(A)(1)(b)) for each calendar quarter on or within thirty

(30) days after the end of such calendar quarter and for each Franchise Year on or within thirty (30) days after the end of such Franchise Year.

(D) Adjustment of Estimated Royalty Payments. If at any time Franchisor reasonably and in good faith determines that the payments of Monthly Estimated Royalty by a Franchisee during a Franchise Year will result in a material underpayment or material overpayment of the Royalty for such Franchise Year, then the Franchisor may on not less than thirty (30) days written notice to Franchisee, increase or decrease the Monthly Estimated Royalty in an effort to equate the payments of Monthly Estimated Royalty with the anticipated Royalty due Franchisor for such Franchise Year. Upon such notice the Monthly Estimated Royalty shall mean the amount set forth in such notice.

(E) Annual True-Up. On or before the earlier of the 45th day after the Termination Date or February 28th of each calendar year, the Franchisee shall:

(1) pay Franchisor the difference between: (a) the Royalty due for the prior Franchise Year, and (b) the amounts actually paid by Franchisee pursuant to: (i) Section 11.3(B), plus (ii) if this is a renewal franchise agreement and the Effective Date is other than January 1, of the year of the Effective Date, pursuant to the provision corresponding to Section 11.3(B) in the prior franchise agreement during the period from January 1 of the year of the Effective Date through the day prior to the Effective Date, and

(2) provide Franchisor with the Franchisee's Financial Statements maintained in accordance with Section 12.1 for the Franchise Year.

If the calculation pursuant to this Section 11.3(E)(1) results in a negative number, the amount of the overpayment shall be applied to amounts due or thereafter becoming from Franchisee to Franchisor or, at the end of the Term where a renewal Franchise Agreement is not entered between the Franchisee or its successor and the Franchisor, refunded to Franchisee on or before the last day of the next calendar quarter.

11.4 Referral Assignments.

(A) Generally. Franchisor and Peers may, from time to time, refer one or more Referral Assignments to Franchisee. Franchisee shall not be obligated to accept any Referral Assignment from Franchisor or any Peer. None of the Franchisor or any Peer shall be obligated to make any Referral Assignment or Referral Assignments to Franchisee. Franchisee and a referring Peer or the Franchisor in the case of a referral from the Franchisor may establish between them a referral fee or other fee that is payable for a Referral Assignment from such Peer or the Franchisor, which may include the Franchisor or the Peer collecting an amount for the Referral Assignment that is less than the amount paid to the Franchisee.

(B) Notice of Referral Assignment and Acceptance. If, at any time, Franchisor or any Peer desires to refer a Referral Assignment to Franchisee, the Franchisor or the Peer shall provide Franchisee with a notice (the "Referral Assignment Notice") setting forth: (1) the scope of the Referral Assignment (including property information and location, timing for completion and the fee payable for the Referral

Assignment), (2) the referral fee or the method of calculating same, and (3) a deadline for Franchisee's acceptance of the Referral Assignment. The Referral Assignment Notice may contain such other information as the Franchisor or Peer may reasonably elect to include. Franchisee shall be deemed to have accepted a Referral Assignment if Franchisee properly and timely replies to the Referral Assignment Notice accepting same. If Franchisee refuses or fails to timely or properly reply to the Referral Assignment Notice, Franchisee shall be deemed to have rejected the Referral Assignment.

- (C) Performance of Referral Assignment. Timely and proper performance of each Referral Assignment accepted by Franchisee is essential to maintaining and enhancing the goodwill of the franchise system and the Marks. Therefore, if Franchisee accepts a Referral Assignment or coordinates one or more Referral Assignments as a Peer, Franchisee shall use its best efforts to timely and fully perform, or coordinate, each such Referral Assignment in accordance with the requirements of the referral notice, the Operations Manual, and applicable standards. Franchisee shall timely and fully pay all fees and amounts due Peers that arise pursuant to or in connection with each Peer-to-Peer Assignment.

11.5 Marketing Services Fee.

Franchisor may, on not less than thirty (30) days prior written notice to Franchisee, establish a marketing services fee (the "**Marketing Services Fee**") in an amount not to exceed one third of the then current Royalty which shall be payable one-twelfth each month together with the payment of Monthly Estimated Royalty for a period of up to twelve (12) calendar months (as determined by Franchisor).

11.6 Technology Services Fee.

Franchisor may, on not less than thirty (30) days prior written notice to Franchisee, establish a technology services fee (the "**Technology Services Fee**") in an amount not to exceed one third of the then current Royalty and payable which shall be payable one-twelfth each month together with the payment of Monthly Estimated Royalty for a period of up to twelve (12) calendar months (as determined by Franchisor).

11.7 Annual Meeting Fee.

On or before the January 30 of each calendar year during the Term, Franchisee shall pay the Annual Meeting Fee to Franchisor, and upon payment thereof, Franchisee shall be entitled to have one Equity Holder attend one franchisee meeting during such calendar year without cost for admission (but Franchisee or the selected Equity Holder shall be solely responsible for travel, lodging and meal expenses not included in the standard fee for such meeting).

11.8 Pass Through Costs for Franchisor Maintained Equipment, Supplies, Software, and Services.

Franchisor may engage with one or more providers of any Equipment, Supplies, Software or Services to provide the applicable Equipment, Supplies, Software or Services to Franchisee and one or more other franchisees or licensees of Franchisor. As of the Effective Date, Franchisor engages with providers of professional liability insurance and general liability insurance for Franchisor's franchisees and licensees. In each such event, Franchisee shall pay Franchisor the amounts payable by Franchisor that are reasonably

allocated to Franchisee (e.g., based on Franchisee's utilization number of employees and contractors, claims history, etc.) plus a services fee not to exceed five percent of the amount due (to cover Franchisor's costs) upon Franchisor's presentation of an invoice therefor. Where possible, Franchisor shall utilize the vendor's allocation to establish the amount due from Franchisee.

11.9 Payment of Amounts Due Franchisor.

All amounts due and payable to Franchisor do not include sales, use or other taxes, except for taxes on the net income of Franchisor, and Franchisee shall pay all such taxes and fees at the time payment of the underlying amounts is made. Payments:

- (A) shall be received by Franchisor at the address set forth above (or such other address as Franchisor may notify Franchisee of in writing) on the due date, and
- (B) received by Franchisor more than five (5) business days after the due date shall be subject to a late fee of five percent (5%) of the amount due, which the parties agree reflects a reasonable estimate of Franchisor's costs for such late payment.

All amounts due and not timely paid shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month or the highest rate permitted by applicable law. Franchisee acknowledges and agrees that he/she/it/they has/have no right to withhold payment of any amounts due Franchisor by right of Franchisee's dissatisfaction with Franchisor's performance of its obligations under this Agreement and that if Franchisee is so dissatisfied, Franchisee is required pursue other remedies at law which may be available.

12. Record Keeping, Reports and Reviews.

The provisions of this Section 12 shall be applicable during the Term and for twelve months thereafter.

12.1 Record Keeping.

Franchisee shall keep and maintain all of the following (collectively being the "**Franchisee Records**"):

- (A) sufficient true, correct, and complete records to enable Franchisor, or a qualified third party engaged by Franchisor, to determine information about each referral, the amount and all sources of Franchisor's gross revenue, Adjusted Gross Revenue, referral appraisals, the reports required to be filed by Franchisee with Franchisor, from time to time, and Franchisee's compliance with this Agreement (the "**Review Variables**").
- (B) customer engagement files (using the number system required by the Franchisor), appraisal reports, reviews, work sheets, working papers, and other documents, records, data and information and work products prepared or utilized in connection with the delivery or any part of the Business for each of Franchisee's customers (collectively being "**Work Product Documents and Information**") during the Term and during the term of each prior franchise agreement between Franchisee and any of Franchisor or its predecessor, successors or assigns, and
- (C) financial statements (the "**Franchisee Financial Statements**") fully and accurately reflecting the gross income, expenses, financial transactions and results of the operations and financing activities of the Franchisee, prepared and maintained

utilizing Franchisee's normal business records and in accordance with the Selected Accounting Method, including, without limitation: (1) profit and loss statements on a quarterly and annual basis, (2) balance sheets at the last day of each calendar quarter and the last day of each calendar year, and (3) statement of changes in shareholder equity for each calendar year.

Franchisee shall keep and maintain the Franchisee Records and provide all reports in such format, using a job numbering system and Franchisor designated chart of accounts, and using accounting software (e.g., QuickBooks) that is selected by Franchisor, from time to time. Franchisee shall be notified not less than sixty (60) days in advance of any change to the foregoing.

12.2 Reports.

Franchisee shall promptly and fully provide the Franchisor with such reports and information that may be requested by Franchisor, from time to time, including, but not limited to:

- (A) an annual census (the "Franchisee Census") of all employees, contractors and service providers rendering services to or for the benefit of Franchisee by name, age, sex, title, duties description, engagement status, compensation, Franchisee offered benefits utilized, and such other parameters reasonably requested by Franchisor, and
- (B) information concerning or relating to any aspect or undertaking of the Business by or for Franchisee, including, without limitation, Work Product Documents and Information, and employee benefit offerings, utilization, and waivers, and
- (C) Franchisee Financial Statements on or before the 30th day after the end of: (1) the first, second and third calendar quarters of each year (such statements being at the end of each quarter for the balance sheet and for the quarterly and year-to-date periods for the profit and loss statement), and (2) each calendar year, including, the calendar year that includes the Termination Date (such statements being at the end of each calendar year for the balance sheet and for the calendar year for the profit and loss statement), and
- (D) the report of Franchisee's Adjusted Gross Revenue in accordance with Section 11.3(C), and, if requested by the Franchisor at any time, all backup information concerning the matters set forth therein.

Franchisee shall update each annual Franchisee Census not less frequently than annually and promptly throughout each year the information therein changes.

Franchisor may request, and upon such request the Franchisee shall promptly and fully provide: (AA) all Work Product Documents and Information concerning any one or more appraisals undertaken by Franchisee or other engagements of Franchisee (whether or not any such appraisal or engagement is the subject of a Work Product Complaint), (BB) information and updates concerning any information or report to be provided by the Franchisee pursuant to this Agreement, and (CC) reports regarding, and information related to, any purpose that is reasonably related to the Business, the Valbridge System, this Agreement, and Franchisee's compliance therewith, the goodwill of the Valbridge System or any Mark, or Franchisor's or Franchisee's business or operations, including,

without limitation, for quality assurance reviews. A report or the provision of information may be required of Franchisee alone (i.e., there is no requirement that to be valid a report or information must be requested of all of Franchisors' franchisees and licensees).

12.3 Report Filing and Base Royalty Discount.

If, in a calendar quarter, the Franchisee:

- (A) properly files each report and financial statement with Franchisor, and fully provides all information to Franchisor (e.g., the Franchisee's quarterly financial statements, census, etc.), on or within thirty (30) days after the due date thereof, then, the Franchisor shall provide the Franchisee with a credit of \$500 to be applied to the Base Royalty becoming due from such Franchisee, or
- (B) fails to properly file a report or financial statement or to provide any information on or within forty-five (45) days after the due date thereof, then, the Franchisee shall pay the Franchisor a late fee of \$250, which Franchisee and Franchisor agree reflects a reasonable estimate of Franchisor's costs for such late reporting.

12.4 Review of Franchisee Records.

Franchisor, may conduct, or have conducted, one or more reviews to analyze and determine the Review Variables and the accuracy of the Franchisee Financial Statements by inspecting, copying, and analyzing Franchisee Records (each being a "Review"). To initiate a Review, Franchisor shall give Franchisee at least five (5) business days' written notice stating the date and time of the Review, which shall be during normal business hours. A Review may be conducted, at Franchisor's option, through the copying of Franchisee Records and the delivery of such copies to Franchisor's location. Franchisee shall fully cooperate with the Review and provide such personnel as may be required to timely undertake and complete each Review.

12.5 Expenses of Review.

Franchisor shall pay all expenses of each Review, except where a Review shows Franchisee's underpayment of amounts due Franchisor of five percent (5%) or more or a material inconsistency in any of the Franchisee Financial Statements or Franchisee's Records, in which case Franchisee shall pay all of the costs and expenses of such Review on or within fifteen (15) days of Franchisor's invoice therefor. If, in the reasonable determination of Franchisor, there are any outstanding amounts due Franchisor, Franchisee shall pay such amounts to Franchisor on or within fifteen (15) days of Franchisor's invoice, therefore. If Franchisee has overpaid amounts to Franchisor, Franchisee may deduct such overpayment from the amounts next due and payable to Franchisor hereunder or refund such overpayment to Franchisee, at Franchisor's option.

13. Promotional Activities, Marketing and Advertising.

13.1 Generally.

Franchisee: (A) acknowledges that Franchisor will not provide all or any specific amount of its business through Franchisor's marketing activities and has not promised, guaranteed or implied it will do so, (B) shall, subject to the restrictions set forth in Section 16.1(C), diligently undertake: (1) the Required Local Promotional Activities, and (2) such other marketing, advertising, public relations and promotional activities for the Business in the Territory as it reasonably deems appropriate to maximize its revenues.

13.2 Requirements.

Franchisee shall comply with the marketing, advertising, public relations and promotional activities criteria and guidelines established by Franchisor from time to time. Such criteria and guidelines will generally be set forth in the Operations Manual and may include, without limitation, branding signage, promotional materials, e-mail signature information, limiting terms and conditions, use of Templates and worksheets, and report structures. Franchisor may, from time to time, provide samples of certain advertising materials that Franchisee may duplicate and use subject to Franchisee ensuring its compliance with all applicable laws and regulations.

13.3 Approvals.

All materials and advertisements bearing any Mark must adhere to the standards and requirements established, from time to time by Franchisor and be of the highest quality so as to maintain and enhance the value of the Marks. [Except for Franchisor provided materials, all marketing, advertising, public relations, and promotional activities conducted by Franchisee, and all materials bearing any Mark that are to be utilized by Franchisee,](#) shall be subject to the prior written approval of Franchisor. To secure such approval Franchisee shall provide Franchisor with a written description (and samples if available) of the proposed marketing, advertising, public relations or promotional materials or activities Franchisee seeks to use or engage in. Franchisor shall review and assess the description and samples and respond to Franchisee with an approval or rejection of same.

13.4 Franchisor Marketing.

Franchisor shall, based on available funding and personnel, endeavor to undertake marketing, advertising, public relations and promotional activities for Franchisor and the Valbridge System using one or more of the Marks. Such marketing activities shall be determined and undertaken in the manner determined by Franchisor in its sole discretion.

14. Insurance.

14.1 Generally.

Except where there is a Franchisor Arranged Policy in place for the particular insurance coverage, Franchisee shall, at Franchisee's sole cost and expense, obtain and maintain such policies of insurance: (A) concerning the Business as set forth below in [Section 14.2 or as may hereafter be required pursuant to the Operations Manual,](#) and (B) in such amounts as are determined by, and from such insurers as may be reasonably acceptable to Franchisor from time to time throughout the Term, including, but not limited to, those set forth herein. Franchisor, Parent, and such other Persons as may be selected by Franchisor shall be named as additional insureds on each such insurance policy and each shall be deemed a primary policy in the event of a loss or claim. Franchisee shall provide copies of each such insurance policy to Franchisor on or within fifteen (15) days after the Effective Date and, from time to time, at Franchisor's request. Each such insurance policy shall provide for advance written notice to Franchisor before the cancellation thereof. Franchisee shall provide: (AA) written evidence to Franchisor of the renewal of each such insurance policy not later than fifteen (15) days before the cancellation date of such policy, and (B) written notice to Franchisor immediately upon the cancellation or termination of any such insurance policy. In the event Franchisee fails to secure or renew any policy or provide notice thereof to Franchisor as required herein, Franchisor may (but shall not be

obligated to) secure and pay for such policy, in good faith, and the premium thereof shall be treated as an additional amount due hereunder and be due fifteen (15) days after presentation of Franchisor's invoice therefor.

14.2 Policies.

Except where there is a Franchisor Arranged Policy in place for the particular insurance coverage or if otherwise set forth in the Operations Manual, during the Term and for two years thereafter, Franchisee shall maintain at least the following insurance policies:

- (A) a comprehensive general liability policy covering bodily injury and property damage with respect to each Location and products, and completed operations in the amount of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate, and
- (B) an automobile liability policy with a combined single limit of not less than one million dollars (\$1,000,000), and
- (C) workman's compensation insurance in an amount not less than one million dollars (\$1,000,000) per employee, one million dollars (\$1,000,000) per accident and one million dollars (\$1,000,000) in the aggregate,
- (D) a claims made errors and omissions concerning the rendition of real and personal property appraisal services and appraisal consulting services, with a limit of liability of not less than One Million Dollars (\$1,000,000) per claim, not less than Two Million Dollars (\$2,000,000) for all claims in the aggregate, and a deductible of not more than Twenty-Five Thousand Dollars (\$25,000.00) per claim,
- (E) an "all risk" property insurance on each Location, and Franchisee's equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, and theft, for at least eighty percent of the replacement cost of such property,
- (F) all insurance required by the landlord of each Location and applicable law (limits may vary according to geographical location), and
- (G) such other policies that Franchisor may require (e.g., cyber security insurance).

Franchisor may increase, decrease or otherwise change any of the policy limits, deductibles or coverage related matters pursuant to the Operations Manual. Unless Franchisee obtains a written waiver from Franchisor, any loss or damage must be repaired, restored or rebuilt within 90 days of the date of the loss or damage.

14.3 Franchisor Secured Policies and Deductible Fund.

Franchisor may elect, from time to time on not less than thirty (30) days advance written notice to Franchisee, to secure, renew, amend or replace or, if previously secured, to replace, amend or terminate, insurance coverage covering Franchisor, Franchisee or the Peers, or all of them, for such claims, matters and occurrences, in such policy amounts and with such deductibles and other terms and conditions as Franchisor may, in its sole discretion, elect (each being a "**Franchisor Arranged Policy**"). Without limiting the foregoing, Franchisor may secure a Franchisor Arranged Policy for coverage not required by Section 14.2 and with coverage equal to, or more or less than, that required by Section 14.2. If and for so long as there is a Franchisor Arranged Policy, Franchisee shall:

- (A) fully and promptly cooperate with Franchisor in its efforts to secure, renew, amend, or replace each and every such Franchisor Arranged Policy, including, without limitation, providing, on or within fifteen (15) days of Franchisor's request, all documentation and true and complete information requested by Franchisor that is in the possession, under the control, or accessible by, the Franchisee or its, his, or her employees, officers, directors, shareholders, managers, members, contractors, or agents,
- (B) pay Franchisor, from time to time, on or within fifteen (15) days of Franchisor's invoice therefor, an allocated portion of:
- (1) the premium due for each Franchisor Arranged Policy, such allocation being determined by: (a) the insurer or agent of the insurer of the applicable Franchisor Arranged Policy, in its sole discretion, or (b) if not so established, by Franchisor in its discretion, and
- (2) the deductible arising from time to time as a result of, or in connection with, any claim covered by any Franchisor Arranged Policy if: (a) such claim arises, in whole or in part, from any action or inaction of Franchisee or its, his, or her employees, officers, directors, shareholders, managers, members, contractors, or agents, whether alone or together with others, and (b) an amount becomes payable as a deductible or for any other reason in connection with or relating to on such Franchisor Arranged Policy, whether or not Franchisee is determined to be liable or at fault as concerns such claim (e.g., defense costs), and
- (3) a reserve fund to be utilized, at Franchisor's sole discretion, to pay, or to cover the deductible becoming due from time to time under a Franchisor Arranged Policy, with the allocation of such reserve fund be determined in substantially the same manner as for the premium allocation above, and
- (C) not be required in accordance with Section 14.2 or permitted to secure a policy covering the same risks as such Franchisor Arrangement Policy.

The existence of the reserve fund and the Franchisee's payments thereto shall not relieve the Franchisee from its obligation to pay any deductible becoming due from time to time under a Franchisor Arranged Policy, including, without limitation, in connection with any claim arising from or in connection with the Franchisee's business activities.

14.4 Limitations.

Notwithstanding any provision of this Section 14 to the contrary, Franchisor shall not be permitted to require Franchisee to purchase, or to establish a Franchisor Arranged Policy that Franchisee is obligated to participate in that concerns or relates to, a health insurance or a 401K, IRA or other retirement plan.

15. Trademarks.

15.1 Generally.

Franchisee acknowledges and agrees that the Franchised Rights only permit Franchisee to utilize the Marks in connection with the operation of the Business and only in a form and manner approved by Franchisor, including, without limitation, as specified in accordance with Section 2.2 and the Operations Manual. Franchisee shall not: (A) apply for registration as proprietor of any trade or service mark: (1) utilized in connection with

the Business or any or part of thereof, including without limitation, the Authorized Franchisee Trade Name except as permitted by Section 2.2(A), or (2) which would conflict with the Marks, (B) take any action which may result in harm to any Mark or put any registrations or applications to register at risk, (C) refuse to take any commercially reasonable action that is, in the sole opinion of Franchisor, necessary or advisable to protect the Marks, and (D) utilize a Mark with a trademark, service mark, trade name or other symbol of another Person, except upon the prior written approval of the Franchisor, which may be withheld, conditioned, or delayed in the Franchisor's sole and absolute discretion. Franchisee shall include in each utilization of a Mark an inscription as is usual or proper for indicating that such Mark is registered or claimed as a service or trademark (e.g., ® or SM as may be appropriate depending on the Mark).

15.2 Franchisee Name.

Franchisee shall: (A) comply with Franchisor's instructions concerning filing and maintaining the requisite fictitious, trade, or assumed name registrations that include all or any part of a Mark, and (B) not utilize all or any portion of a Mark in Franchisee's entity name or, except as required by Section 2.2(A), business name.

15.3 Infringement by Franchisee.

Franchisee acknowledges that any utilization of any of the Franchisor Intangible Properties beyond the authority granted by this Agreement is an infringement of Franchisor's intellectual property rights and a material breach of this Agreement.

15.4 Infringement by Third Parties.

In the event of any claim of infringement, unfair competition, or other challenge to Franchisee's right to use any Mark, or in the event Franchisee becomes aware of any use of, or claim to, any Mark by any Person other than Franchisor or its franchisees or licensees, Franchisee shall promptly notify Franchisor in writing and provide all details about such infringement, challenge or claim that are known to Franchisee. Franchisee shall not communicate with anyone except Franchisor and its counsel in connection with any such infringement, challenge or claim except upon compulsion based on legal process and after reasonable advance notice to Franchisor. Franchisor shall determine, in its sole and absolute discretion, whether or not to take any action in connection with any such infringement, challenge or claim, and shall have the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. Franchisee shall promptly sign all instruments and documents, render any assistance, and do any acts that Franchisor's attorneys deem necessary or advisable in order to protect and maintain Franchisor's interest in any litigation or proceeding related to any Mark or to otherwise to protect and maintain Franchisor's interests in the Marks.

15.5 Modification and Cessation of Use of any Mark.

Franchisor may, by written notice, require Franchisee to cease or change the use of any Mark, including any Mark on printed or tangible marketing materials owned by Franchisee, if, in the sole determination of Franchisor, it becomes necessary or advisable to modify or discontinue use of any Marks or to use one or more additional or substitute trade names or trade or service marks for any reason. Franchisor may only exercise the foregoing right: (A) once per twelve-month period, or (B) more frequently where undertaken: (1) in response to claim of infringement, unfair competition or other challenge

concerning or relating to any Mark, in whole or in part, or (2) Franchisor's determination that another Person may have superior rights concerning any Mark, in whole or in part.

16. Restrictive Covenants.

16.1 Term Restrictions.

During the Term of this Agreement (but not after the termination of this Agreement), Franchisee shall not:

- (A) plan, organize or undertake any business activity which directly or indirectly competes with, engages in, or carries on the Business, in whole or in part, or any business activity substantially similar to the Business, except only to undertake and operate the franchised Business in accordance with this Agreement utilizing the Valbridge System, the Operations Manual, and the Marks, and
- (B) directly or indirectly hold an Equity Interest in, become a director, manager, or officer of, or otherwise be associated with or engaged or employed by, any Person or his, her, or its Affiliate who is engaged in the Business, in whole or in part, or any business activity substantially similar to the Business, and
- (C) undertake, or cause to be undertaken, whether directly or indirectly, any Outside Territory Marketing,

provided that, Franchisor may, in its sole and absolute discretion, by written authorization in advance thereof, permit Franchisee to engage in a specific activity that would, in the absence of such authorization, violate the terms and conditions of this Section 16.1. In the event Franchisee desires to secure such prior authorization, Franchisee shall provide Franchisor with written notice of the specific activity and the other Persons related thereto. Any authorization granted in accordance herewith shall terminate and expire upon: (AA) the earlier to occur of: (1) one hundred eighty days, or (2) Franchisee no longer engaging in such activity on a regular basis, or (BB) the time specified in the written authorization, if set forth therein. Franchisee shall have no right, and hereby waives and relinquishes any such right otherwise granted to Franchisee other than by Franchisor in accordance with this Section 16.1, to require Franchisor to permit Franchisee to engage in any activity that would, in the absence of Franchisor's authorization, violate the terms and conditions of this Section 16.1, merely because such activity was approved in the past or for any other Peer.

16.2 Term and Post-Term Restrictions.

During the Term of this Agreement and for the Restriction Period, Franchisee shall not:

- (A) plan, organize or undertake any Valbridge Party Business in the Restricted Territory,
- (B) directly or indirectly hold an Equity Interest in, become a director, manager, or officer of, or otherwise be associated with or engaged or employed by, a Valbridge Party Competitor or his, her or its Affiliate,
- (C) solicit, render services to, or accept business from any Valbridge Party Competitor or his, her or its Affiliate, or

(D) solicit, render services to, or accept business from any Customer, Prospective Customer, or Former Customer in any capacity that relates in whole or in part to a Valbridge Party Business.

16.3 Exceptions to Restrictive Covenants.

Notwithstanding the provisions of: (A) Sections 16.1 and 16.2, Franchisee shall not be restricted from: (1) holding for investment up to five percent (5%) of the issued and outstanding equity of any Person where the equity is publicly traded on, and was acquired through a trade undertaken on, a recognized stock exchange, or (2) subcontracting on a casual (irregular) basis to undertake the Business for AMC Services divisions of any Person engaged in one or more Valbridge Party Businesses, and (B) Section 16.2, Franchisee shall not be restricted from engaging in a Local or Statewide Practice on and after the termination of this Agreement.

16.4 Confidentiality.

For the Term and after the expiration or termination of this Agreement, whatever the reason, Franchisee shall not, and shall not suffer or permit any Receiving Party to:

- (A) disclose any Confidential Information,
- (B) except as set forth below in this Section 16.4, directly or indirectly, give any Person to have access to, or permit any Person to access, any Confidential Information, and
- (C) make any use, commercial or otherwise, of any Confidential Information, except solely for exercising the Franchise Rights during the Term to engage in the Business in accordance with the Valbridge System at and from each Location.

Notwithstanding the provisions of this Section 16.4(A) and (B), Franchisee shall be permitted to disclose Confidential Information to those, and only those, of its employees and contractors who:

- (AA) have executed the Employee and Contractor Restrictive Covenant attached hereto as Exhibit D, where a copy of such executed Employee and Contractor Restrictive Covenant was delivered to Franchisor, and
- (BB) reasonably require access to the particular Confidential Information being disclosed in order to permit him or her to fulfill his or her duties to Franchisee or the Franchisor

16.5 Restrictive Covenants Scope.

The parties acknowledge that the provisions of this Section are necessary and reasonable to protect the legitimate business interests of Franchisor and any violation of the provisions of this Section will result in irreparable injury to Franchisor, the exact amount of which will be difficult to ascertain, and that the remedies at law for any such violation would not be reasonable or adequate compensation to Franchisor for such violation. Accordingly, Franchisee agrees that if the provisions of this Section are violated, in addition to any other remedy, which may be available in equity or at law, Franchisor shall be entitled to specific performance and injunctive relief, without the necessity of proving actual damages.

16.6 Tolling of Restriction Period.

In the event of Franchisee's breach of one or more of the provisions of this Section 16, the running of the Restriction Period shall be tolled during the continuation of such breach(es) and recommence only upon Franchisee's full and complete compliance with the provisions of this Section 16.

16.7 Judicial Modification.

In the event a court of competent jurisdiction holds one or more of the provisions of the restrictive covenants invalid as to length of time or geographic scope, then this Section 16 shall be amended to reflect a reasonable length of time or reasonable geographic scope.

17. Entity Franchisee Related Matters.

17.1 Entity Franchisee Related Representations, Warranties and Covenants.

In the event that the Franchisee is not an individual natural person, then Franchisee and each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner, jointly and severally, represent and warrant to Franchisor and to the Parent that, at as of the Effective Date, the following are true, correct, and complete in all respects, and covenant with the Franchisor and the Parent to continuously during the Term of this Agreement maintain and cause each of the following to be and remain true, correct, and complete in all respects:

- (A) all information set forth in the Informational Provisions and each other document provided to the Franchisor is and shall be true, correct, and complete in all respects, including, without limitation, the identity, title, position, Operational Qualifications, if any, and Equity Interests of each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner,
- (B) the Franchisee managing body and the Franchisee Equity Holders have unanimously approved and consented to the entry and adoption of this Agreement by Franchisee,
- (C) Franchisee Equity Holders holding one or more of the Operational Qualifications own twenty five percent or more of the Equity Interests of the Franchisee in the aggregate and at least one of the equity holders of the Franchisee holding one or more of the Operational Qualifications is a Principal,
- (D) no Franchisee Equity Holder is a Prohibited Equity Holder,
- (E) each Person identified in the Informational Provisions as a Principal or that is otherwise required to execute and deliver any Ancillary Franchise Document: (1) is competent to contract, and (2) has the full power and authority to execute and deliver such Ancillary Franchise Document, and to perform his or her obligations thereunder,
- (F) there is no Person who is not identified in the Informational Provisions that holds any Franchisee Equity Interest,
- (G) Franchisee is the entity type set forth in the Informational Provisions and is duly organized and in good standing in the jurisdiction set forth in the Informational Provisions above,

- (H) Franchisee has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder,
- (I) this Agreement constitutes the valid and legally binding obligation of the Franchisee, enforceable in accordance with its terms and conditions,
- (J) Franchisee is not obligated or required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of, any Person other than the Franchisee's managing body or the Franchisee Equity Holders to enter this Agreement, and
- (K) the execution and the delivery of this Agreement will not, immediately or with the passage of time: (1) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Franchisee is subject, or (2) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Franchisee or any Franchisee Equity Holder is a party or by which any of them is bound or to which any of their individual or collective material assets is subject.

Franchisee, each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner jointly and severally, covenant and agree to:

- (AA) fully comply with the provisions of Section 18 prior the occurrence of any Transfer whatsoever, and
- (BB) upon the occurrence of any Transfer whatsoever, provide a true, correct, and complete written update of the information set forth the Informational Provisions signed by the chief executive officer, general partner, or manager of the Franchisee and by each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner.

Upon the occurrence of, and at and as of the date of, any Transfer, the Franchisee and each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner, jointly and severally, remake the representations and warranties set forth in this Section 17.1.

17.2 Equity Holder Agreements.

The Franchisee and each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner, jointly and severally, covenant and agree to cause:

- (A) the Franchisee to remain in compliance with the Franchisee's representations and warranties set forth in Section 17.1, including, without limitation, 17.1(C), and to promptly notify the Franchisor of each noncompliance therewith,
- (B) each Person that is required to execute and deliver any Ancillary Franchise Document to execute such Ancillary Franchise Document no later than the Effective Date and the effective date of each Transfer or other change in the status of any

Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner, and

- (C) to provide written notification to the Franchisor not less than forty-five (45) days in advance of any Transfer or other change in the status of any Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner.

17.3 Legend on Entity Franchisee Equity Certificates.

If the Franchisee is not a natural person, then, upon the execution of this Agreement and upon each occurrence of a Transfer, the Franchisee shall cause each Franchisee Equity Holder to surrender, and each Franchisee Equity Holder shall surrender, to the Franchisee all certificates evidencing a Franchisee Equity Interest and Franchisee shall cause the following legend to be affixed thereon:

THE INTEREST REPRESENTED BY THIS CERTIFICATE IS SUBJECT IN THE CASE OF ANY ENCUMBRANCE, SALE, OR OTHER TRANSFER WHATSOEVER TO CERTAIN RIGHTS OF THIRD PARTIES SET FORTH IN THAT CERTAIN FRANCHISE AGREEMENT BY AND AMONG THE ISSUING ENTITY, ITS EQUITY HOLDERS AND VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC, A FLORIDA LIMITED LIABILITY COMPANY.

After this legend has been placed on the certificates evidencing the equity interests in and all other securities of Franchisee, such certificates shall be returned to the respective Equity Holder. Such certificates may also bear additional legends applicable to agreements by and among the Equity Holders of the Franchisee and Franchisee. All certificates for a Franchisee Equity Interest issued on or after the Effective Date shall bear the foregoing legend and be subject to the restrictive provisions of this Agreement.

18. Franchise Transfers.

To protect and enhance the reputation, skill, and capabilities of the Valbridge franchise system, its trade and service marks and rights, and the benefits flowing to Franchisor and the Peers, the Franchisor carefully selects and vets its franchisees and their owners and interested parties. Therefore, when a franchisee elects to undertake a Transfer of, or to issue or grant another Person, any Franchisee Equity Interest, Valbridge must have and maintain the right to ensure that such other Person meets or exceeds the reputation, skill, capabilities and financial wherewithal that Valbridge requires from its franchisees, that the Transfer arrangements are not likely to limit or restrict, whether as a result of terms of financial arrangements, the ability of such other Person or of the Franchisee after the transfer to meet their individual or collective obligations under this Agreement, and that such other Person will be likely, for the above and other reasons, to successfully participate in the Valbridge system. To protect those interests and accomplish those goals, this Section 18 restricts the ability of Franchisee to undertake a Transfer, and grants Franchisor significant discretion to determine if a proposed transferee is acceptable to Franchisor.

18.1 Franchise Transfers Generally.

Notwithstanding any contrary provision of this Agreement, no Transfer of all or any part of the Franchise Rights, a Franchisee Equity Interest, or of Franchisee's business

(whether through the sale of substantially all of the assets of the Franchisee or the transfer of any equity, rights, or other interests in the Franchisee) **shall be undertaken, directly or indirectly, in whole or in part, unless:**

- (A) Franchisee is in full compliance with the Franchisee's obligations to Franchisor and there has been no material breach of this Agreement in the past ninety (90) days,
- (B) Franchisor is permitted, in accordance with applicable law, to offer and enter the then current form of Franchise Agreement offered by Franchisor to the proposed Transferee without undertaking additional filings or legal compliance, and
- (C) the Transfer is made strictly in accordance with all of the terms and conditions of this Agreement.

18.2 Effect of Improper Transfer.

Any Transfer or attempted Transfer, whether voluntary or involuntary or by operation of law, which is not permitted by or made in accordance with the terms of this Agreement shall be void *ab initio*, ineffective and a material breach of this Agreement, and shall not bind Franchisor or otherwise give the Transferee any rights under this Agreement or in or to any of the Franchise Rights. If, notwithstanding the foregoing, a Transfer not permitted by this Agreement or made in accordance with the terms of this Agreement is held by a court of competent jurisdiction to be effective, then Franchisor may terminate this Agreement in accordance with Section 19.1(I).

18.3 Conditions Concerning Direct and Indirect Franchisee Transfers.

The Franchisee shall not make or suffer any Transfer, except in accordance with this Section 18.3, or as may be permitted by Sections 18.4, 18.5, or 18.6.

- (A) In the event of a proposed *direct or indirect* Transfer (the "**Proposed Transfer**") of a Franchisee (being the "**Selling Franchisee**") or by any one or more Franchisee Owners (each a "**Transferring Franchisee Owner**"), the following shall be applicable:

- (1) The Selling Franchisee or Transferring Franchisee Owners shall give the Franchisor not less than forty-five (45) days advance written notice (the "**Franchise Proposed Transfer Notice**") of the Proposed Transfer:
 - (a) stating therein that: (1) the Selling Franchisee has, or the Transferring Franchisee Owners have, made or received a good faith bona fide arms-length specific and detailed offer (the "**Offer**") from one or more Persons (each a "**Proposed Transferee**") who is not an Affiliate of any Franchisee Owner, and (2) the Selling Franchisee intends, or the Transferring Franchisee Owners intend, to accept and consummate such Offer subject to the rights of the Franchisor set forth in this Section,
 - (b) including a full and complete description of the terms and conditions of the Offer,
 - (c) including from each Proposed Transferee a statement: (i) that he, she, or it has the financial resources and wherewithal to close and consummate the Proposed Transfer, and is not a Prohibited Equity

Holder, and (ii) in the case of a Proposed Transferee that is not a natural Person, the information required by the Informational Provisions as and if such the Proposed Transferee was a Franchisee Equity Holder (each Person required to be identified in accordance herewith being a “**Proposed Transferee Equity Holder**”), and

(d) if the Proposed Transfer would constitute a Change in Control Transaction, an offer stating that the Selling Franchisee offers to make such Transfer to Franchisor at the price and upon the terms and conditions as are set forth in the Offer (the “**Right of First Refusal**”), and

(2) Contemporaneously with the provision of the Franchise Proposed Transfer Notice, the Selling Franchisee or the Transferring Franchisee Owners shall:

(a) provide true, correct, and complete copies of each of the following: (i) the Offer, (ii) the Franchisor’s franchisee application completed by the Proposed Transferee and, if applicable, each Proposed Transferee Equity Holder, (iii) the Prospective Transferee’s financial statements, and statements of net worth and work history for each Proposed Transferee Equity Holder, and (iv) such other information (documentary and otherwise) as the Franchisor may request, and

(b) pay the Franchisor pay Franchisor a transfer fee of \$5,000.

The minimum Transfer Fee shall be non-refundable and fully earned when received by the Franchisor. A Franchise Proposed Transfer Notice for a Proposed Transfer that would violate this Agreement, that fails to make the required statements, that fails to timely and fully provide all of the information required by this Section 18.3, or that fails to include the Transfer Fee shall be void and of no force or effect. For purposes of this Section 18.3, an Offer shall be deemed specific and detailed if, and only if, it fully and completely described the Franchise Proposed Transfer Notice, contains all of the terms and conditions of the Proposed Transfer, and is in such form (including exhibits, schedules and ancillary contracts) that, when signed, will constitute a binding written agreement between the Selling Franchisee and the Proposed Transferee. The Selling Franchisee, the Proposed Transferee, and each Proposed Transferee Equity Holder shall immediately respond to information and documentation requests of Franchisor and shall be fully available to meet with Franchisor’s management and employees and answer their questions. The Proposed Transferee and each Proposed Transferee Equity Holder shall fulfill such requirements as may be established, from time to time, by Franchisor for prospective new franchisees, including, without limitation, attendance at meetings or other events.

(B) On or within forty-five (45) days after effective date of the Franchise Proposed Transfer Notice (the “**Proposed Franchisee Evaluation Period**”), the Franchisor shall, in its sole and absolute discretion, determine if each Proposed Transferee is acceptable to become a franchisee or a direct or indirect Equity Holder of a franchisee of the Franchisor. If the Franchisor determines each Proposed Transferee is:

- (1) acceptable to become a franchisee or a direct or indirect Equity Holder of a franchisee of the Franchisor, then the Franchisor shall offer such Proposed Transferee the opportunity to become a franchisee or a direct or indirect Equity Holder of a franchisee of the Franchisor in accordance with applicable law, and on the terms set forth in the then current franchise agreement offered by Franchisor, excluding only payment of the initial franchise fee, and
- (2) not acceptable to become a franchisee or a direct or indirect Equity Holder of a franchisee of the Franchisor, then the Franchisor:
 - (a) shall provide written notice to the Franchisee stating such determination, and
 - (b) if the Proposed Transfer would have constituted a Change in Control Transaction, may elect by written notice to the Franchisee on within sixty (60) days after the Franchise Proposed Transfer Notice to exercise the Right of First Refusal and complete the Proposed Transfer on the terms and conditions set forth in the Offer.

The Franchisor may assign its Right of First Refusal to another Person.

- (C) The Selling Franchisee or Transferring Franchisee Owners, as the case may be, shall be permitted to make the Proposed Transfer to the Proposed Transferee or Proposed Transferees if, and only if:
 - (1) the Franchisor has determined each Proposed Transferee is acceptable to become a franchisee or a direct or indirect Equity Holder of a franchisee of the Franchisor,
 - (2) the Selling Franchisee and each Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, and Franchisee L5 Owner have fully and timely complied with all of their individual and collective obligations to the Franchisor, whether arising under this Agreement or otherwise, including, without limitation, paying the balance of Transfer Fees on or within thirty (30) days after the Franchisor's provides it invoice therefor, and providing the Franchisor with fully executed Releases, and
 - (3) the Transfer occurs:
 - (a) on, and only on, the terms and conditions as stated in the Offer, except for immaterial changes to the terms and conditions, to each Proposed Transferee,
 - (b) after: (i) the Franchisor has provided all required disclosure documents and all cooling off and periods when Franchisor is prevented from entering a franchise agreement or any Franchise Ancillary Documents with all Proposed Transferees have elapsed (in accordance with applicable law), (ii) each Proposed Transferee has entered a new franchise agreement with Franchisor containing the terms and conditions then offered by Franchisor and having a term ending on the Normal Termination Date of this Agreement, or has provided all Franchise Ancillary Documents, and (iii) the Proposed

Transferees have completed all training and other pre-requisites established by Franchisor from time to time, and

(c) on or within sixty (60) days after the expiration of the Proposed Franchisee Evaluation Period.

(D) If the Transfer constitutes a Change in Control Transaction and the Franchisor timely elects to exercise the Right of First Refusal, then the Selling Franchisee shall make the Proposed Transfer to Franchisor or its assignee at the date and time selected by Franchisor or its assignee, but not longer than sixty (60) days after the expiration of the Proposed Franchisee Evaluation Period, and on the terms and conditions set forth in the Offer.

18.4 Death or Incompetence of Qualified Franchisee Equity Holder.

If the Franchisee is in breach of Section 17.2(A) solely as a result of the death or incompetence of one or more of its Equity Holders, then the Franchisee shall not be in breach of this Agreement as a result thereof for a period of one hundred twenty (120) days after the date of death or the determination of incompetency by the application court giving rise to such breach if: (A) Franchisee promptly complies with its obligations under Section 7.1(D), and (B) there is a Transfer as concerns the Franchisee in accordance with Section 18.3 and, as a result of such Transfer, the Franchisee thereafter becomes compliant with the provisions of Section 17.2(A). The Franchisee shall provide the Franchisor with all information requested by Franchisor from time to time regarding Franchisee's consideration of Transfers and compliance with this Section 18.4. The Franchisor may, in its discretion, extend the above-referenced term by written notice to the Franchisee.

18.5 Transfers to Franchisee Employees Becoming Equity Holders.

The provisions of Section 18.3 shall not apply to any Transfer of an Equity Interest of any single Transfer of the Franchisee Equity Interests that meets each and every condition of this Section 18.5, including:

(A) the Transfer is: (1) of not more than ten percent (10.0%) of the Franchisee Equity Interests, (2) to single natural Person, and (3) such Person: (a) is, and for at least the prior twelve (12) calendar months has been, a bona fide professional or managerial employee of such entity Franchisee, or (b) is a bona fide lateral transfer professional employee of the Franchisee,

(B) the *primary and material purpose* of the Transfer is to make such Person an Equity Holder of the Franchisee based on his or her skills, experience, and acumen as a professional, and as a means to retain such Person as an employee of the Franchisee,

(C) Franchisee provides not less than forty five (45) days advance written notice to Franchisor of such Transfer, including, therein, the name of the Transferee, the particulars of the basis for such Transfer and the information described in Section 18.3(A)(3), and

(D) If the Transferee becomes a Principal as a result of the Transfer, he or she complies with the provisions of Section 17.2.

The maximum aggregate Franchisee Equity Interests that may be subject to Transfers pursuant to this Section 18.5 (including during the Term and the term of all prior franchise agreements between Franchisor and Franchisee) is forty five percent (45.0%) of the Franchisee Equity Interests, as measured on the effective date of the first franchise agreement between the Franchisee (or its predecessor) and the Franchisor. For clarification, if a proposed Transfer does not meet each and every requirement of this Section 18.5, then the provisions of Section 18.3 shall be applicable.

18.6 Transfers to Current Principals.

The provisions of Section 18.3 shall not apply to a Transfer of Franchisee Equity Interests by one Principal to another Principal if, and only if:

- (A) the Transferee Principal did not become a Principal by virtue of a Transfer that was exempt from, or not undertaken in accordance with, the provisions of Section 18.3, and
- (B) the Transfer will not cause the Franchisee to be in violation of this Agreement, including, without limitations, Sections 17.1(C) or (D).

The Franchisee shall provide not less than forty-five (45) days advance written notice to Franchisor of a proposed Transfer pursuant to this Section 18.6, including, therein the name of the Transferor and Transferee, the particulars regarding the Transfer, including, without limitation, the Equity Interest being Transferred and the anticipated closing date of the Transfer, a fully revised Informational Provisions document showing the revised equity arrangements, and a fully executed copy of each Ancillary Franchise Document required to be made and deliver, or executed by the Transferee.

18.7 Transfers by Franchisor.

Nothing herein shall be deemed to limit or restrict Franchisor's right to undertake a Transfer, in whole or in part, of its interest in this Agreement or any equity or other interest in Franchisor. Upon any Transfer by Franchisor, Franchisee shall release Franchisor from any obligations hereunder thereafter and shall look solely to Franchisor's assignee(s) or successor(s) and, thereafter, all benefits shall inure to the benefit of such assignee(s) or successor(s).

19. Termination and Other Remedies.

19.1 Termination Without Opportunity to Cure.

Franchisor may terminate this Agreement by written notice to Franchisee without any opportunity to cure upon the occurrence of any of the following:

- (A) Franchisee: becomes insolvent, is adjudicated bankrupt, files a voluntary petition, suffers the filing of an involuntary petition in bankruptcy against Franchisee and such petition is not dismissed within thirty (30) days, seeks protection from creditors under any other arrangements or laws similar thereto, makes an assignment for the benefit of creditors, or suffers the appointment of a receiver to take charge of Franchisee's affairs, business operations or property,
- (B) Franchisee fails to: (1) commence operating the Business in accordance with the Valbridge System on or within thirty (30) days of the Effective Date, (2) use the Marks on or before the Mark Utilization Date, or (3) operate the Business for a period of twenty (20) or more consecutive business days, unless such cessation

arises as a result of the effects of act of god, flood or fire or Franchisor has given its prior written consent,

- (C) in Franchisee's franchise application or supporting information, documentation, or statements or in the representations of Franchisee and its Equity Holders herein, Franchisee or any Equity Holder made any false or misleading statements or failed to state any material fact reasonably necessary to make any statement made therein not false or misleading,
- (D) Franchisee permits a tax lien or judgment against Franchisee to remain unsatisfied for sixty (60) days or more, excluding any judgment that is the subject of an ongoing active appeal for less than one (1) year,
- (E) Franchisee knowingly provides Franchisor with any report or Franchisee Records that are false, inaccurate, or materially incomplete,
- (F) Franchisee fails to attend the initial training on or within one hundred twenty (120) days of the day of this Agreement or fails to attend any other training on or within ninety (90) days of the required date thereof,
- (G) Franchisee breaches Section 14,
- (H) Franchisee receives: (1) three (3) or more notices of default from Franchisor during the Term, whether or not such defaults related to the same breach or were cured, or (2) two (2) or more notices of default from Franchisor for the same breach, whether or not the first was cured,
- (I) the occurrence or proposed undertaking of a Transfer, other than in accordance with Section 18,
- (J) Franchisee infringes any of the Franchisor Intangible Properties, excluding only the inadvertent innocent misuse of a Mark where such misuse was not the subject of prior notice by Franchisor,
- (K) A claim, proceeding or action referenced in Section 9.2(C) is resolved against Franchisee, or
- (L) Franchisee is in breach of its obligations under Section 16.

19.2 Termination After Limited Opportunity to Cure.

Franchisor may terminate this Agreement on thirty (30) days written notice to Franchisee setting forth the basis for such termination upon the occurrence of a For Cause Basis, provided that, no termination shall occur if within such notice period Franchisee cures the basis of the termination and such basis was not previously the subject of a termination notice to Franchisee, or Franchisor, in its sole and absolute discretion withdraws the termination notice.

19.3 Liquidated Damages.

Franchisee and Franchisor agree that the damages suffered by Franchisor in the event of Franchisee's breach of one or more of the sections of this Agreement set forth below are not readily ascertainable and that the Liquidated Damages set forth below for each such breach represent the parties reasonable best estimate of the damages that might be expected to arise and be suffered by Franchisor as a result thereof. Therefore, upon each occurrence of breach by Franchisee of any section of this Agreement set forth below, Franchisee shall pay Franchisor the Liquidated Damages applicable to such

section. The Liquidated Damages shall be due and payable for each breach on or within five (5) business days of the occurrence of the applicable breach.

<u>Agreement Section</u>	<u>Liquidated Damages</u>
<u>2.2, 5.3, 7.1(C), (F), (S) and (CC), 8.1(B), 8.2, 9.2 and 13.2.</u>	<u>\$1,000.00</u>
<u>2.3, 5.2(A), 7.1(A), (B), (D), (E), (G) through (R), (T) through (BB), and (DD), 9.1 and 17.2.</u>	<u>\$2,500.00</u>

By way of clarification, breaches that are subject to this Section 19.3 are of a nature and type that involve non-compliance with aspects of the Valbridge System that will the parties agree will likely negatively affect Valbridge System goodwill, including its ability to be viewed and to act as a unified nationwide organization, such as, for example, concerning utilization of Marks, training, quality standards, responsiveness, use of tools and processes to create uniform work and reporting structures, and matters requiring franchisees and licensees to perform to standards necessary to secure engagements from national accounts. The payment of liquidated damages pursuant to this Section 19.3 shall not limit Franchisor's ability to terminate this Agreement in accordance with Sections 19.1 or 19.2 for any subsequent breach of the same or a different provision of this Agreement.

19.4 Other Non-Termination Remedies.

If Franchisee breaches of this Agreement, including, without limitation, the failure or repeated failure to timely pay amounts due Franchisor, adhere to branding, naming or Mark utilization standards, or use Equipment, Supplies, Software or Services, then, as an alternative to terminating this Agreement based on this Section 19, Franchisor may, in its sole and absolute discretion, the Franchisor may elect by written notice to Franchisee to:

- (A) suspend all or part of the services, rights or benefits provided to Franchisee pursuant to this Agreement or based on Franchisee's status as a franchisee of Franchisor, including, but not limited to, Franchisee's ability to participate in and be awarded referral assignments, the provision of e-mail services and access, or the ability to utilize the website to display information about Franchisee,
- (B) reduce or otherwise change the Territory in Franchisor's sole and absolute discretion, or
- (C) terminate Franchisee's exclusive right to maintain one or more Locations in the Territory.

The above non-termination remedies may be exercised collectively or individually and at any time and from time to time, need not have any relationship to the For Cause Basis, and shall be in addition to any other remedies available to Franchisor under applicable law. An election made under this Section 19.4 shall not prevent or limit Franchisee's ability to later elect pursuant to Section 19.2 to terminate this Agreement, whether or not for a continuing, the same, or any subsequent condition, occurrence, or non-occurrence.

19.5 Termination by Franchisee.

THIS FRANCHISE AGREEMENT MAY BE TERMINATED ONLY BY FRANCHISOR AND NO PROVISION IS MADE IN THIS AGREEMENT FOR THE UNILATERAL TERMINATION OF THIS AGREEMENT BY FRANCHISEE.

20. Effect of Termination.

20.1 Generally.

Upon the termination or expiration of this Agreement for whatever reason or basis, all rights of Franchisee under this Agreement shall cease, and Franchisee shall: (A) no longer exercise any of the Franchise Rights or engage in the Business, (B) immediately return to Franchisor, at Franchisee's expense, the Operations Manual and all other items that were loaned to Franchisee by Franchisor, and (C) immediately pay to Franchisor all amounts due to Franchisor without set off or deduction.

20.2 Marks, Materials and Trade Dress.

Without limiting the general nature of Section 20.1, upon the termination or expiration of this Agreement for whatever reason or basis, Franchisee shall immediately:

- (A) discontinue use of each Mark, and all signs, cards, notices, other display or advertising materials and each component of Franchisee's Online Presence (including, without limitation, e-mail addresses and signatures) containing or otherwise indicative of any of a Mark, or Franchisor, or any association with Franchisor, or the Business,
- (B) make or cause to be made such changes in signs, cards, notices and other display or advertising materials, buildings and structures as Franchisor shall direct so as effectively to distinguish each Location from its former public image and marketing image including but not by way of limitation a change in the colors used at such Location,
- (C) cancel each fictitious name registration of Franchisee that contains the Franchisee Authorized Trade Name or any Mark or any word or symbol that is evocative of, or likely to create confusion with, the Franchisee Authorized Trade Name or any Mark,
- (D) if Franchisee is an entity and utilizes all or any portion of a Mark in its name, then Franchisee shall immediately: change its name and remove all Marks, portions of Marks and words and symbols that are in any way evocative of, or likely to create confusion with, any Mark (as determined in the sole and absolute discretion of Franchisor), and file such amendments, notices, documents, instruments and agreements and pay such filing fees as Franchisor may require, in its sole and absolute discretion, to accomplish the foregoing,
- (E) join with Franchisor in canceling or terminating any permitted use of the Marks, and
- (F) cease the use of all material of whatever nature where the copyright therein is owned by or licensed to Franchisor or where the continued use thereof would in any way infringe any of the Franchisor Intangible Properties, including, without limitation, the undertaking of appraisal and consulting services utilizing the trade secrets, methods and systems implemented, from time to time as part of the Valbridge System.

If, within thirty (30) days of such direction, Franchisee fails or omits to make or cause to be made any change required by this Section 20.2, then Franchisee grants Franchisor the right, license, power, and authority, without the consent of Franchisee, save this right, license, and consent, which Franchisee gives irrevocably and unconditionally, and without incurring any liability or having any obligation to Franchisee or any Franchisee Equity Holder, to enter upon each Location and to file such documents, instruments and notices as Franchisee deems in its sole discretion to be appropriate, to make or cause to be made any such change at the expense of Franchisee which expense Franchisee shall pay on demand.

20.3 Option to Purchase Materials.

Upon the termination or expiration of this Agreement for whatever reason or basis: (A) Franchisor shall have the option (the “**Materials Option**”), but not the obligation, to purchase all or any part of the supplies, materials, equipment or other tangible assets containing or bearing any Mark or any word or symbol that is evocative of, or likely to create confusion with, any Mark (the “**Materials Option Goods**”), including, without limitation, signs, advertising materials, supplies, inventory, equipment, furnishings, fixtures, or other items at a price equal to the lesser of Franchisee’s cost or the fair market value, and (B) Franchisee shall promptly provide Franchisor with a list (the “**Goods List**”) of all items in Franchisee’s possession or under its control that constitute Materials Options Goods and Franchisee’s estimate of the cost and the fair market value of each such item. Franchisor may exercise the Materials Option by written notice provided on or within 45 days after Franchisee’s provision of the Goods List setting forth therein the Materials Options Goods that Franchisor will purchase and the purchase price of each item thereof. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor whose costs shall be borne equally by the parties, and his or her determination shall be final and binding. The fair market value of tangible assets shall be determined without reference to goodwill, going concern value, or other intangible assets. If Franchisor elects to exercise Materials Option, it shall have the right to set off against the purchase price for the Materials Options Goods, all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment to Franchisee. Should Franchisee fail or refuse to execute and deliver the necessary documents to transfer free and clear title of the Materials Options Goods Franchisor elects to purchase to Franchisor, or its nominee, Franchisor shall be entitled to apply to any court of competent jurisdiction for a mandatory injunction to compel Franchisee to comply with the provisions of this Section 20.3, it being understood that the Materials Options Goods are unique given the potential impact on the goodwill associated with the Marks.

21. Independent Contractor.

The relationship between the parties is that of independent contractors. Neither this Agreement nor the provision of any advice, information or assistance at any time shall serve to create a fiduciary relationship or relationship of principal and agent between Franchisee and Franchisor. Except as may be expressly permitted by Franchisor in writing, from time to time, Franchisee shall not under any circumstances: (A) act, or hold itself out, as agent or representative of Franchisor, or (B) incur any liability or create any obligation whatsoever in the name of Franchisor. Franchisee shall take such affirmative action as may be requested by Franchisor from time to time (in addition to any actions

expressly required by this Agreement) to indicate that Franchisee is an independent contractor, and that no Location is operated by Franchisor. Franchisee shall make no statements, representations or claims and shall give no warranties to any customer or prospective customer in respect to the services sold by Franchisee or the Valbridge System, save such as are implied by law or may have been specifically authorized in writing by Franchisor.

22. No Success Warranties, Representations or Guarantees.

Franchisee acknowledges that Franchisor: (A) bases the advice and recommendations it provides and will provide Franchisee concerning, among other things the operation of the Business on experience actually obtained in practice (through its franchisees), (B) is not making or giving any representations, warranties or guarantees concerning the degree of success or financial remuneration that may or will arise from the exercise of the Licensed Rights or the operation of the Business, (C) has advised Franchisee: (1) to discuss Franchisee's intention to enter into this Agreement with other franchisees of Franchisor and Franchisee's professional and business advisors, (2) that Franchisee must decide, based solely on its own judgment, whether or not to enter into this Agreement, and (3) engaging in the Business involves substantial business and financial risk and Franchisee's success will be affected by Franchisee's ability and commitment as an independent business person, and (D) HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES TO FRANCHISEE CONCERNING EARNINGS, INCOME, COSTS, REFERRALS OR ANY OTHER MATTER NOT EXPRESSLY SET FORTH HEREIN.

23. Professional Advice.

Franchisee and each Franchisee Equity Holder acknowledges that Franchisee and each Franchisee Equity Holder has been advised to seek the advice of its attorneys, accountants, and professional advisors prior to entering this Agreement, and represents and warrants to Franchisor that each of them is satisfied with the results of such advice and enters this Agreement with full knowledge and understanding of the provisions hereof.

24. Notice of Franchisor Breaches.

Franchisee shall provide Franchisor with immediate written notice of any claim that Franchisor or its affiliated entities have breached this Agreement or any other agreement between any of them and Franchisee. If Franchisee fails to give Franchisor written notice in accordance with the foregoing on or within one (1) year from the date of the claimed breach, then such breach shall be deemed to have been waived by Franchisee and thereupon Franchisee shall be permanently barred from commencing any action relating to such alleged breach.

25. Disclosure of Franchisee Information.

Franchisee acknowledges that state and federal law may require Franchisor to disclose certain information about Franchisee, including, for example, Franchisee's home address, and consents and agrees to Franchisor disclosing to third parties such information as it deems it is required to do to comply with applicable law.

26. Independent Covenants.

Except where the context otherwise requires each of the restrictions contained in this Agreement (including, without limitation, those set forth in Section 16) and in each Section

and Paragraph shall be construed as independent of every other restriction and of every other provision of this Agreement and the existence of any claim or course of action of Franchisee against Franchisor whatsoever shall not constitute a defense to the enforcement by Franchisor of the said restrictions or of any of them.

27. Power of Attorney.

If Franchisee fails to perform its obligations under any of Sections 10.2 or 20.2(C), (D) or (E), then, after written notice, Franchisor may perform, or cause performance of, such obligations and to effect the foregoing, Franchisee hereby appoints the chief executive officer or other designee of Franchisor as Franchisee's attorney-in-fact with full authority in the place and stead of Franchisee, and Franchisee's names, from time to time in Franchisor's sole discretion, to take any action and to execute any instrument which Franchisor may deem necessary or advisable to accomplish the Franchisee's obligations under any of Sections 10.2 or 20.2(C), (D) or (E). Franchisee hereby acknowledges that such power of attorney is coupled with an interest, is irrevocable, and is to be used by Franchisor.

28. Indemnification.

The Franchisee shall hold Franchisor, its officers, directors, employees, agents, successors and assigns, and Parent, and its officers, directors, employees, agents, successors and assigns individually and collectively, harmless from and against, any and all Obligations arising out of, relating to, or suffered by any of them as a result of, any: (A) negligent, grossly negligent, or intentional act or omission, of the Franchisee or its successors and assigns (permitted or otherwise), or any of their individual or collective Equity Holders, employees, or subcontractors, or (B) the undertaking and operation of the Franchisee's business, whether before, during, or after the Term.

29. Entire Agreement, Waiver and Modification.

This Agreement, the Operations Manual and, if applicable to Franchisee based on the Territory, the California Addendum, Illinois Addendum, Indiana Addendum, Maryland Addendum, Michigan Addendum, Minnesota Addendum, New York Addendum, Virginia Addendum or the Washington Addendum, set forth the entire understanding of the parties concerning the subject matter of this Agreement and incorporate all prior negotiations and understandings. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document. **THERE ARE NO VERBAL AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES. BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES AND AGREES THAT THERE ARE NO COVENANTS, PROMISES, AGREEMENTS, CONDITIONS OR UNDERSTANDINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT EXCEPT ONLY FOR THOSE SET FORTH IN WRITING IN THIS AGREEMENT.** No failure by Franchisor to exercise any power given to it under this Agreement or to insist upon strict compliance by Franchisee of its obligations under this Agreement or the Operations Manual, and no custom or practice of the parties at variance with the terms of this Agreement shall constitute a waiver or relinquishment of any of Franchisor's rights under this Agreement. No purported waiver by Franchisor of any default by Franchisee of any term or provision contained herein or in the Operations Manual shall be deemed to be a waiver of such term or provision unless such waiver is in writing and signed by the Franchisor. Furthermore, no such waiver shall

in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein or affect or impair Franchisor's right to enforce such term or provision or such default in the future. No delay or omission by Franchisor in exercising or enforcing any of its rights under this Agreement shall affect or impair Franchisor's ability to exercise or enforce such rights in such instance or thereafter. Except for changes to the Operations Manual, which Franchisor may unilaterally make, and which shall be effective upon notice thereof to Franchisee and for revisions to the Informational Provisions upon an authorized Transfer undertaken in accordance with this Agreement, no alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing and signed by the party to be charged.

30. Notices.

Except for additions, modifications and amendments to the Operations Manual, any consent, waiver, notice, demand, request or other instrument required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given upon: (A) actual delivery if hand delivered, (B) the next business day after transmission by overnight express courier service (e.g., Federal Express), freight prepaid to the address for such party set forth herein, or (C) three (3) business days after being sent by certified United States mail, return receipt requested, postage prepaid, to the address for such party set forth herein. Either party may change its address for notices in the manner set forth herein. Franchisor may provide notice of additions, modifications, and amendments to the Operations Manual by posting same at Franchisor's website or by providing notice thereof to Franchisee via e-mail, and such notice shall be deemed effective as of the next business day.

31. Captions.

The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

32. Partial Invalidity.

Each term and provision of this Agreement shall be independently enforceable to the fullest extent permitted by law. If any term or provision of this Agreement or the application thereof to any Person or circumstance is held by a court of competent jurisdiction to be invalid or unenforceable, then the remainder of this Agreement and the application of such term or provision to another Person or circumstance shall be unaffected thereby.

33. Applicable Law, Jurisdiction, Venue and Forum.

This Agreement shall be construed and governed under and by the laws of the State of Florida for contracts executed and to be performed in Florida, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.). The parties: (A) hereby consent to the jurisdiction of the federal and state courts of Florida, (B) agree that, except for unaffiliated third party actions and as set forth below in this Section, exclusive venue for any legal action or arbitration authorized hereunder shall be the city and state of Franchisor's national headquarters (currently Naples, Florida), and (C) waive all defenses based on venue, the inconvenience of the forum and lack of personal jurisdiction the city and state of Franchisor's national headquarters. Notwithstanding the foregoing, if Franchisor deems it necessary to commence an action

in Franchisee's jurisdiction in order to be able to realize a particular remedy available to Franchisor, it may do so.

34. Assignment of Contract.

Franchisee may not Transfer Franchisee's rights or delegate the performance of Franchisee's duties hereunder without the express prior written approval of Franchisor. Franchisor and its successors and assigns may, from time to time, assign or transfer its rights and delegate the performance of its duties hereunder without notice to, or the consent of, Franchisee.

35. LIMITATION AND WAIVER OF DAMAGES AND CLASS ACTION.

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF BUSINESS OR OTHER ECONOMIC DAMAGE, OR INJURY TO PROPERTY, AND AGREE THAT IN THE EVENT OF ANY LITIGATION, MEDIATION, ARBITRATION, OR CONTROVERSY BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY SUCH PARTY. FRANCHISEE HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO ANY PROCEEDING IN THE NATURE OF A CLASS ACTION AGAINST FRANCHISOR, PARENT AND THEIR INDIVIDUAL AND COLLECTIVE AFFILIATES.

36. WAIVER OF JURY TRIAL.

THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ALL OF THEIR INDIVIDUAL AND COLLECTIVE RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS AGREEMENT.

37. Injunction and Specific Performance.

Franchisee acknowledges that the failure of the Franchisee or any other Person bound hereto or hereby to strictly comply with the terms of this Agreement, the Valbridge System, and the Operations Manual is likely to cause irreparable damage to Franchisor, and damages at law would be inadequate. Therefore, notwithstanding any other provision of this Agreement, in the event of a breach or threatened breach of any of the terms of the Agreement by Franchisee, Franchisor shall be entitled to seek injunctive relief restraining such breach or specific performance, without showing or proving any actual damage. The foregoing remedy shall be in addition to all remedies or rights that Franchisor may otherwise have by virtue of any breach of this Agreement by Franchisee. Franchisor shall be entitled to seek such relief without the posting of any bond or security, provided that, if a bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of \$5,000.00 shall be a sufficient bond.

38. Attorneys' Fees.

In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or in connection with this Agreement, the prevailing party in such litigation, mediation, arbitration, or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses, and suit costs, including those associated with any appellate proceedings or any post-judgment collection proceedings.

39. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute the same instrument.

40. Survival.

Sections 2.4, 6.4, 6.5, 10.2, 11, 12, 14, 15.5, 16.2 through 16.7, 17.1, 18.1, 18.2, 19.3, and 20 through 39 shall survive the expiration or termination of this Agreement and shall continue in full force and effect thereafter.

[End of Main Provisions of Franchise Agreement. The parties' signatures appear on the Franchise Agreement Signature Page following Informational Provisions above.]

CALIFORNIA ADDENDUM

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

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

California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

The franchise agreement requires binding arbitration and that such arbitration will occur at the offices of the American Arbitration Association nearest our home office, with cost being paid by the party which does not prevail in the arbitration. This provision may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code § 20040.5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of the franchise agreement restricting venue to a forum outside the state of California.”

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)

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

The Franchisor's website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of the Franchisor's website may be directed to the California Department of Corporations: www.corp.ca.gov

Registration of this franchise disclosure document does not constitute approval, recommendation, or endorsement by the California Department of Corporations Commissioner.

Item 3: Additional California Disclosure.

None of the persons identified in Item 2 of the Disclosure and none of the franchisor or any Sales Agent of the Franchisor is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et. seq., suspending or expelling such person from membership in any such association or exchange.

Notice Required by California Exemption for Internet Advertisements.

Our website URL is: Valbridge.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dco.ca.gov.

IN WITNESS WHEREOF, the parties hereto have executed and entered this California Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

ILLINOIS ADDENDUM

The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended consistent with Illinois Law, including the Franchise Disclosure Act of 1987, 815 ILCs 705/1-44. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provides rights to franchisees concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

Paragraph 705/41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Illinois Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

INDIANA ADDENDUM

Pursuant to IC 23-2-2.7-1, the following shall supersede any provisions to the contrary in the Franchise Disclosure Document and shall apply to all franchises offered and sold in the State of Indiana.

It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

- (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
- (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
- (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
- (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
- (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.
- (6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. [A sales contract signed by a private retail](#)

consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

- (7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.
- (8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.
- (9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.
- (10) Limiting litigation brought for breach of the agreement in any manner whatsoever.
- (11) Requiring the franchisee to participate in any:
 - a) advertising campaign or contest,
 - b) promotional campaign,
 - c) promotional materials, or
 - d) display decorations or materials,at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

Further, IC 23-2-2.5-9(2) of the Indiana Franchise Practices Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the franchise agreement, or (ii) 10 days prior to franchisor's receipt of any consideration. The Receipt is amended to reflect the 10-day waiting period.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Indiana Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

MARYLAND ADDENDUM

The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise, the franchisor may not require franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding: any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Item 17 of the Franchise Disclosure Document and Section 18 of the Franchise Agreement are amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 18 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland.

For franchisees having a franchised business in Maryland or a Territory that includes any part of Maryland, Item 5 of the Franchise Disclosure Document and Section 11.2 of the Franchise Agreement are amended as follows:

All fees shall be deferred pending satisfaction of all of the Franchisor's pre-opening obligations to the Franchisee.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Maryland Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

MICHIGAN ADDENDUM

NOTICE REQUIRED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

The following statement is required to be provided to the franchisee under the Michigan Franchise Investment Law. By providing this statement, the franchisor does not represent or warrant that any of the following provisions of the law are enforceable. The franchisor reserves the right to contest the enforceability of any of the following provisions.

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against the franchisee. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913 (517) 373-7117.

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Michigan Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and~~

~~year first above written on the Franchise Agreement.~~

Franchisor:

~~Valbridge Property Advisors-
Franchising System, LLC~~

Franchisee:

~~Name of Entity (if applicable):~~

~~By:~~

~~Rick Armalavage, Manager~~

~~By:~~

~~Print name:~~

~~Title:~~

MINNESOTA ADDENDUM

~~Minnesota Statute 80C. 21 and Minnesota Rule 2860. 4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.~~

~~With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C. 14 Subd. 3-5, which require (except in certain specified cases)~~

- ~~• that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non renewal of the franchise agreement and~~
- ~~• that consent to the transfer of the franchise will not be unreasonably withheld.~~

~~Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C. 12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name. Minnesota Rules 2860. 4400(D) prohibits a franchiser from requiring a franchisee to assent to a general release.~~

~~The franchisee cannot consent to the franchiser obtaining injunctive relief. The franchiser may seek injunctive relief. See Minnesota Rule 2860. 4400(J). Also, a court will determine if a bond is required. The Limitations of Claims section must comply with Minnesota Statute 80C. 17 Subd. 5.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Minnesota Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

Franchisor:

~~Valbridge Property Advisors-
Franchising System, LLC~~

~~By:~~

~~Rick Armalavage, Manager~~

Franchisee:

Name of Entity (if applicable):

~~By:~~

~~Print name:~~

~~Title:~~

~~NEW YORK ADDENDUM~~

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

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

~~2.1. The following is added at the end of Item 3:~~

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

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

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

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

~~D.A. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian~~

~~franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.~~

~~3.1. The following is added to the end of Item 4:~~

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

~~4.1. The following is added to the end of Item 5:~~

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

~~5.1. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":~~

~~However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.~~

~~6.1. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":~~

~~You may terminate the agreement on any grounds available by law.~~

~~7.1. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":~~

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

~~8.1. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":~~

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

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this New York Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

Franchisor:

~~Valbridge Property Advisors
Franchising System, LLC~~

Franchisee:

~~Name of Entity (if applicable):~~

By:

~~Rick Armalavage, Manager~~

By:

~~Print name:~~

~~Title:~~

~~VIRGINIA ADDENDUM~~

~~Item 18 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).~~

~~In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the following statements are added to Item 17 of the Franchise Disclosure Document:~~

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

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Virginia Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

Franchisor:

~~Valbridge Property Advisors-
Franchising System, LLC~~

~~By:~~

~~Rick Armalavage, Manager~~

Franchisee:

Name of Entity (if applicable):

~~By:~~

~~Print name:~~

~~Title:~~

~~WASHINGTON ADDENDUM~~

~~The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in the franchisee's relationship with the franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the franchise agreement in the franchisee's relationship with the franchisor including the areas of termination and renewal of the franchise.~~

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

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

~~A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.~~

~~Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.~~

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

~~If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington.~~

~~Initial franchise fees of Washington franchisees will be deferred until the franchisor has fulfilled its pre-opening obligations and the franchisee is open for business.~~

~~The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Washington Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

Franchisor:

Valbridge Property Advisors-
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

~~EXHIBITS TO FRANCHISE DISCLOSURE DOCUMENT~~

~~EXHIBIT A – AGENCIES/AGENTS FOR SERVICE OF PROCESS~~

~~This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.~~

State	State Agency	Agent for Service of Process
CALIFORNIA	California Franchise Division Department of Corporations 1515 K Street Sacramento, CA 95814 (916) 445-7205	California Corporations- Commissioner OR CSC-Lawyers Incorporating Service 2710 Gateway Oaks Dr., Ste. 150N Sacramento, CA 95833-3505
ILLINOIS	Office of the Attorney General- Franchise Division 500 South Second Street Springfield, IL 6276 (217) 782-4465	Illinois Attorney General- OR Illinois Corporation Service Company- 801 Adlai Stevenson Drive Springfield, IL 62703
INDIANA	Indiana Secretary of State- Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State- 201 State House Indianapolis, IN 46204 OR Corporation Service Company- 251 East Ohio Street Suite 500 Indianapolis, IN 46204
MARYLAND	Office of the Attorney General- Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities- Commissioner 200 St. Paul Place Baltimore, MD 21202 OR CSC-Lawyers Incorporating Service- Company 7 St. Paul Street, Suite 1660 Baltimore, MD 21202
MICHIGAN	Michigan Department of Attorney General- Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau OR CSC-Lawyers Incorporating Service- (Company) 601 Abbot Road East Lansing, MI 48823
MINNESOTA	Minnesota Department of Commerce- 87 7th Place East, Ste. 280 St. Paul, MN 55101- (651) 539-1600	Minnesota Commissioner of Commerce OR Corporation Service Company 380 Jackson Street, Suite 700 St. Paul, MN 55101
NEW YORK	New York State Department of Law- Investor Protection Bureau 28 Liberty St., 21st Floor	Secretary of State 99 Washington Street Albany, NY 12231

	New York, NY 10005- (212) 416-8236	
NORTH CAROLINA	North Carolina Secretary of State P.O. Box 20622 Raleigh, NC 27626-0622 (919) 807-2000	North Carolina Secretary of State
SOUTH CAROLINA	SC Secretary of State's Office- Attn: Business Filings Division- 1205 Pendleton Street, Suite 525 Columbia, SC 29201 (803) 734-1728	Corporation Service Company- 1703 Laurel St. Columbia, SC 29201
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising- 1300 East Main Street, 9th Floor- Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission- 1300 E. Main St. Richmond, VA 23219 OR Corporation Service Company- Bank of America Center, 16th Floor- 1111 East Main Street Richmond, VA 23219
WASHINGTON	Washington Department of Financial- Institutions Securities Division- 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	Director of Washington Financial- Institutions OR Corporation Service Company 300 Deschutes Way SW- Suite 304 Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner- Securities and Franchise Registration- 245 W. Washington Avenue Madison, WI 53703 (608) 266-8557	Commissioner of Securities of Wisconsin OR GSC Lawyers Incorporating Service- Company 8040 Excelsior Drive, Suite 400 Madison, WI 53717

~~EXHIBIT B — FRANCHISE AGREEMENT AND STATE SPECIFIC ADDENDA~~

~~VALBRIDGE PROPERTY ADVISORS~~ ~~FRANCHISE AGREEMENT~~

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VALBRIDGE PROPERTY ADVISORS
FRANCHISE AGREEMENT

Informational Provisions

These Informational Provisions include _____ sheets attached hereto.

Franchise Agreement Effective Date: _____, 20____ (the "**Effective Date**").

The Normal Termination Date shall be (select only one—if more than one is selected, the earlier date shall apply):

☐ _____ 11:59 p.m. on August 3, 2022; or

☐ _____, 20____.

Identification of Franchisee:

Franchisee: _____

Type: ☐ Individual ☐ General Partnership* ☐ Corp. or LLC* ☐ Other*

Entity State: _____ Address: _____

~~Authorized Franchisee~~

~~Trade Name (Main Office):~~ _____

~~Authorized Franchisee~~

~~Trade Name~~

~~(Second Office):~~ _____

~~Authorized Franchisee~~

~~Trade Name~~

~~(Third Office):~~ _____

~~*If the Franchisee is a partnership, corporation, limited liability company or other entity, list all of the names of the partners or equity (stock, membership interests, options, etc.) holders of the entity below in these Informational Provisions. Add additional sheets as required.~~

This franchise is (select one only):

☐ _____ a new franchisee;

☐ _____ a renewal franchise agreement; or

☐ _____ a continuation franchise after a Transfer (see Section 18).

Franchisee's actual gross revenues for the prior twelve calendar months are: \$_____ (the "**Prior AGR**").

Franchisee keeps its financial books and records in accordance with, prepares its financial statements in accordance with, and has determined the Prior AGR utilizing, the (the selection below being the "**Selected Accounting Method**"):

☐ _____ Cash Basis Method; or

☐ _____ Accrual Basis Method.

~~Location.~~ The Franchisee has (complete all of the following)
~~_____office location(s) within the Territory (defined below); and~~
~~_____offices outside of the Territory.~~

The Franchisee must provide the information requested below for each office location.

~~“Location” for purposes of this Franchise Agreement means the number of office locations identified above within the Territory, each having the address and characteristics set forth below and, if necessary, in the attached office location information sheets.~~

~~Primary~~
~~Office~~ Location _____
Address: _____
~~No. of Square Ft.~~ _____

~~Additional Descript.:~~ _____

~~Second~~
~~Office~~ Location _____
Address: _____
~~Third Office~~
Location Address: _____

~~Territory.~~ The ~~“Territory”~~ for purposes of this Franchise Agreement means the geographic area described below:

~~Name of Territory:~~ _____
~~Geographic Description~~ _____

The Territory Population is _____.

The Territory is (check only one): ☐ Mid ☐ Mid Large
☐ Large ☐ Major. The

Target Adjusted Gross Revenue is \$_____.

If the Franchisee is not a single natural person (i.e., the Franchisee is a corporation, limited liability company, partnership, or other entity or is owned by a husband and wife or tenants in common), list below each Person and that owns any equity (whether membership interest, stock, options or other securities) or other interests in the Franchisee and provide all the requested information for each such Person. The “interests” of all Persons listed below must equal 100 percent. Each Person listed below (and if such Person is not a single natural person, their or its Affiliates) must execute and deliver to Franchisor:

- (1) ~~a Joinder and Adoption by Principal of Sections of Franchise Agreement in the form attached hereto as Exhibit E;~~
- (2) ~~a Manager and Employee Restrictive Covenant in the form attached hereto as Exhibit D (subject to modification only in accordance with the provisions of Section 7.1(H)); and~~
- (3) ~~a Continuing Unconditional Guarantee in the form attached hereto as Exhibit B, from each Principal.~~

Franchisee Equity Holders

	Type of Security	No. Held	Interest
Name:			
Address:			
Designations:			
Name:			
Address:			
Designations:			
Name:			
Address:			
Designations:			
Name:			
Address:			
Designations:			
Name:			
Address:			
Designations:			
Name:			
Address:			
Designations:			

End of Informational Provisions.

~~FRANCHISE AGREEMENT~~

~~This Franchise Agreement (the “Agreement”) is made at and as of the Effective Date set forth in the Informational Provisions (the “Effective Date”), by and between Valbridge Property Advisors Franchising System, LLC, a Florida limited liability company (hereinafter referred to as “Franchisor”), whose address is 2240 Venetian Ct., Naples, FL 34109, and the Franchisee identified in the Informational Provisions (the “Franchisee”). The Informational Provisions attached hereto are incorporated into this Agreement by reference as and if set forth herein.~~

~~BACKGROUND~~

~~Franchisor and its parent, Valbridge Property Advisors, Inc., a Florida corporation (the “Parent”), have expended time, effort and money developing know-how, knowledge and a business system, as well as brand and service marks and the goodwill associated therewith, for the real and personal property appraisal and consulting services business. Such business system and other intellectual property are proprietary, secret and confidential.~~

~~Franchisee is entering this Agreement to become part of Franchisor’s franchise system, and to be able to utilize the business systems and intellectual property, including trade and service marks and the goodwill associated therewith, and to receive the benefits of being a part of Franchisor’s system of franchisees and licensees. Franchisor is entering this Agreement to expand its franchise system, to continue its relationship with the Franchisee, or to franchise its franchise system to Franchisee’s successor.~~

~~AGREEMENT~~

~~The parties agree as follows:~~

~~1. Definitions.~~

~~The capitalized terms in this Agreement shall have the meanings set forth in Section 11.1, Exhibit A to this Agreement, which is incorporated herein by reference, and as defined elsewhere in this Agreement.~~

~~2.1. Grant of Franchise Rights.~~

~~2.11.1 Generally.~~

~~For the Term (as defined in Section 4 below) Franchisor hereby grants Franchisee the non-exclusive right to use the following intangible property solely to undertake and engage in the Business for each Qualifying Property Type at and from each Location strictly in accordance with this Agreement and the then current Operations Manual (the “Franchise Rights”):~~

- ~~(A) The Valbridge System;~~
- ~~(B) The Marks (solely in connection with the operation of the Business);~~
- ~~(C) Franchisor’s accumulated experience, knowledge and know-how relating to the Business as set forth in the Operations Manual and provided to Franchisee in Franchisor’s other communications; and~~

~~(D)(A) Such other intellectual property rights as Franchisor may make available to Franchisee in connection with the operation of the Business.~~

~~2.21.1 Franchisee's Utilization of the Marks.~~

~~No later than the Mark Utilization Date and continuing for the balance of the Term of this Agreement Franchisee shall:~~

- ~~(A) file such notices, applications and documents, place any required public notices, and pay such filing and other fees and costs as may be necessary under the laws applicable to Franchisee to permit Franchisee to use for the Term the Authorized Franchisee Trade Name as a fictitious name of Franchisee in Franchisee's undertaking of the Business;~~
- ~~(B) exclusively utilize the Authorized Franchisee Trade Name and such other Mark or Marks in the form and on the materials as may then be required by Franchisor to be used by franchisees, in accordance with the Operations Manual and for Franchisee's Business Identity Purposes (e.g., for business cards, letterhead, brochures, envelopes, e-mail signatures, etc.); and~~
- ~~(C) cease utilization in all respects and for all purposes of each trade name and corporate name of Franchisee, whether or not utilized in Franchisee's business prior to the Effective Date, and each other trade or service mark not expressly authorized by Franchisors, except solely for state registration, governmental and tax filing purposes, and as may be permitted by this Agreement.~~

~~Notwithstanding Section 2.2(B), Franchisor may by prior written authorization for good cause shown, permit Franchisee to utilize Franchisee's corporate name with the Authorized Franchisee Trade Name (or a subset thereof) for purposes of government quotation or other quotation process and the undertaking the Business for any contracts awarded through such quotes if: the applicable quotation process or rules limit the number of Persons that are authorized to participate as a result of Peers utilizing their authorized trade names; Franchisee is prohibited from participating as a result thereof; and Franchisee otherwise fully meets the qualifications and requirements to participate in such quotation process and to be awarded contracts to undertake the Business therefrom.~~

~~Immediately upon the termination of this Agreement without the entry of a Renewal Franchise Agreement, time being of the essence, Franchisee shall terminate: (AA) all registrations and authorizations to utilize the Authorized Franchisee Trade Name and the Marks; and (BB) Franchisee's actual use in all forms of the Authorized Franchisee Trade Name and the Marks (including, for example, by the removal of signs, cessation of use of business cards, etc.).~~

~~2.31.1 Franchisee's Online Marketing.~~

~~After the Mark Utilization Date, Franchisee shall: (A) not maintain an Online Presence other than as authorized and approved by Franchisor; (B) utilize the micro-website or web page, and e-mail addresses and e-mail signature required by Franchisor to be utilized, as Franchisee's sole and exclusive website and e-mail addresses for Franchisee and its directors, officers, managers, employees and contractors; and (C) remove all information~~

and content at each Online Presence not authorized, and forward each the URL for each Online Presence and e-mail addresses at such URL to those required to be utilized in accordance with this Section 2.3. For clarification, after the Mark Utilization Date Franchisee may not utilize or have existing any other Online Presence, whether or not existing or utilized prior to the Effective Date, except to direct website visitors and third parties providing e-mail communications to the Online Presence required or permitted to be used by Franchisee. ~~Franchisee's Online Presence shall not state or imply that Franchisee engages in the Business outside of the Territory.~~

~~2.41.1 All Non-Express Benefits to Franchisor.~~

~~Notwithstanding the grant of the Franchise Rights in accordance herewith: (A) Franchisee shall not have any rights, whether implied or by estoppel, to any exercise of all or any part of the Franchise Rights, except as expressly set forth herein and limited hereby; (B) Franchisee shall only have the right to benefit from the Franchisor Intangible Properties to the extent expressly permitted by this Agreement; (C) all goodwill, benefits and other rights associated with the Franchisor Intangible Properties, including, without limitation, the right to engage in the Business, shall inure solely to, and at all times belong to and be vested in Franchisor; and (D) all right title and interest in and to each of the Franchisor Intangible Properties, the Operations Manual and the Valbridge System, and the intellectual property and moral rights therein, shall at all times be and remain the property solely of Franchisor, and Franchisee waives and relinquishes, and transfers and assigns to Franchisor, any and all rights Franchisee may acquire in any and all of the foregoing.~~

~~3.1. Territory.~~

~~3.11.1 Generally.~~

~~For the first Franchise Year and for so long during the Term thereafter as Franchisee achieves the Target Adjusted Gross Revenue for each Franchise Year, Franchisee shall have the **exclusive right to maintain an office** of the type described in the Informational Provisions above and otherwise complying with the requirements of this Agreement at each Location for the operation of the Business for each Qualifying Property Type in the Territory; *provided that*, Franchisee acknowledges that:~~

- ~~(A) — **Franchisor's sole obligation concerning the Territory and this Section 3 shall be, subject to Franchisor's right to modify the Territory as set forth below, to refrain from granting any other third party the right to establish any physical location for the operation of the Business in the Territory;**~~
- ~~(B) — Franchisor or any Peer **may, and in all likelihood will**, from time to time, exercise the Franchise Rights and **engage in the Business in the Territory**, including, without limitation, **if Franchisee rejects any Referral Assignment for whatever reason;**~~

~~(C)(A) **there is no right or ability**, and at no time during the Term will there be any right or ability, **for Franchisee to prevent Franchisor or any Peer from exercising the Franchise Rights and engaging in the Business in the Territory.**~~

3.2 — Modification.

If Franchisee does not achieve the Target Adjusted Gross Revenue in any Franchise Year, Franchisor may, in its sole and absolute discretion: (A) reduce or otherwise change the Territory in Franchisor's discretion; (B) terminate Franchisee's exclusive right to maintain one or more Locations in the Territory; or (C) take such other actions as Franchisor elects, including, without limitation, terminating this Agreement in accordance with Section 19.2.

3.31.1 Peer Territory Matters.

Proper operation of the Valbridge System requires a spirit of cooperation and communication among Franchisee in the Peers. Therefore, to avoid disputes regarding undertaking the Business in another Peer's territory, Franchisor strongly encourages Franchisee to contact and communicate with each Peer in whose territory Franchisee will engage in the Business before doing so to advise the Peer of the undertaking of the Business, and, where possible, to seek to utilize such Peer to support or provide part of services necessary for such engagement.

Note: Section 16.1 contains restrictions on Franchisee's ability to engage in certain activities outside of the Territory.

4.1. — Term.

4.11.1 Term.

The term of this Agreement (the "**Term**") shall commence on the Effective Date and continue through the earlier of: (A) the Normal Termination Date; or (B) the date of termination if terminated earlier in accordance herewith.

4.21.1 FRANCHISOR'S ABSOLUTE RIGHT OF NON-RENEWAL.

EVEN IF FRANCHISEE MAY ELECT TO ENTER A RENEWAL FRANCHISE AGREEMENT IN ACCORDANCE WITH SECTION 4.3 BELOW AND EVEN IF FRANCHISEE IS IN FULL COMPLIANCE WITH HIS, HER OR ITS OBLIGATIONS UNDER THIS AGREEMENT, FRANCHISOR SHALL, NONETHELESS, HAVE THE ABSOLUTE AND UNCONDITIONAL RIGHT, IN ITS SOLE DISCRETION, FOR ANY REASON OR NO REASON AT ALL, TO ELECT NOT TO RENEW A FRANCHISE RELATIONSHIP WITH FRANCHISEE AND TO ELECT NOT TO ENTER A RENEWAL FRANCHISE AGREEMENT WITH FRANCHISEE. In the event of Franchisor's determination not to enter a renewal franchise agreement with Franchisee, Franchisee hereby waives and relinquishes any and all rights Franchisee may have concerning renewal and releases Franchisor for such non renewal. To exercise such right, Franchisor shall provide written notice to Franchisee no later than fifteen (15) days prior to the Normal Termination Date. Franchisor shall have no liability whatsoever for any Obligations of Franchisee arising in connection with, or as a result of, such non renewal.

4.31.1 Renewal Franchise Agreement.

Subject to Franchisor's absolute right not to renew the franchise relationship with Franchisee, as set forth in Section 4.2 above, Franchisee may enter a new franchise agreement with Franchisor, containing such terms, conditions and provisions as may then be offered by Franchisor to new franchisees (the "**Renewal Franchise Agreement**"), except as such terms, conditions and provisions may be limited by Section 4.4, to take effect immediately following the Normal Termination Date, if, and only if:

- ~~(A) This Agreement did not terminate prior to the Normal Termination Date for any reason; and~~
- ~~(B) Franchisor is then: (1) continuing to offer franchise arrangements in the state in which the Territory is located; and (2) authorized and permitted, in accordance with applicable law, to offer a franchise arrangement: (a) in the state in which the Territory is located; and (b) to Franchisee;~~
- ~~(C) Franchisee provides written notice of its intent to enter a Renewal Franchise Agreement not more than 120 days prior to the end of the Term and not less than 60 days' notice prior to the end of the Term; and~~
- ~~(D) For the period of time starting with the effective date of Franchisee's notice and continuing through the last day of the Term, Franchisee was not and is not: (1) in breach of any of the terms of this Agreement or any of its obligations to Franchisor or any affiliated entity of Franchisor; and (2) a party adverse to Franchisor or any affiliated entity of Franchisor in any mediation, litigation or arbitration proceeding; and~~
- ~~(E) Franchisee shall take such actions as may be necessary to bring its business operations and each Location in compliance with the then current requirements of Franchisor for the Valbridge System; and~~
- ~~(F)(A) Franchisee, upon the execution of the Renewal Franchise Agreement, provides an original signed general release, substantially in the form attached hereto as Exhibit C (the "General Release") discharging Franchisor, its managers, officers and members, and Parent and its shareholders, officers, directors, collectively and individually, from and against all Obligations, whether or not contingent or matured, that arise from, or are in any way related to, this Agreement or the relationship between Franchisor and Franchisee, but that are not then at issue in any mediation, arbitration or litigation proceeding.~~

~~4.41.1 Renewal Franchise Agreement Limitations.~~

~~The terms of the Renewal Franchise Agreement shall be limited only as follows:~~

- ~~(A) Franchisee shall not pay any sum expressed to be by way of initial franchise fee, but shall instead pay a renewal fee to cover the costs of closing and processing paperwork of such renewal, in the amount of: (1) if the Franchisee was a franchisee or licensee of the Franchisor prior to the Effective Date, Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00); or (2) otherwise (a) Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00); multiplied by: (b) the ratio of: (i) 36 minus the number of calendar months (in whole or in part) between the Effective Date and the Normal Termination Date, but not less than zero; to (ii) 36.~~
- ~~(B)(A) Franchisor shall not be obliged to provide any of the initial or other obligations contained in such agreement which are appropriate to the establishment of a new franchisee.~~

~~5.1. The Location(s).~~

~~5.11.1 Generally~~

~~Franchisee:~~

- (A) ~~acknowledges that, notwithstanding the grant of rights concerning or relating to the Territory, the grant of the Franchise Rights is solely at and for each Location; and~~
- (B) ~~shall exercise the Franchise Rights and engage in the Business only at and from each Location.~~

~~Franchisee shall not have or utilize any De Facto Location whether within or outside of the Territory. Franchisee may open one or more additional locations within the Territory only upon Franchisor's prior written consent and authorization, which shall not to be unreasonably withheld as long as: (AA) such additional location meets Franchisor's then current criteria for a primary or additional location, respectively; and (BB) Franchisee: (1) is in full compliance with its obligations under this Agreement and has been for the past ninety (90) days; (2) has the resources or financial capability to open and operate the additional location for not less than twelve months; (3) notifies Franchisor in writing, not less than sixty (60) days in advance of opening the additional location, of the additional location's address, size, facility type, and such other information as Franchisor may request from time to time; and (4) fully complies with the requirements of Section 2.2 and 2.3 prior to the opening of such additional location. Upon the approval of an additional location, the Informational Provisions shall promptly be revised accordingly.~~

~~5.21.1 Franchisee's Current Location(s):~~

~~Franchisee represents and warrants to Franchisor that:~~

- (A) ~~Franchisee does not promote, operate or suffer any De Facto Location or undertake all of any part of the Business from a De Facto Location outside of the Territory;~~
- (B) ~~notwithstanding any inspection or visit to any Location by any officer, director or representative of Franchisor:~~
 - (1) ~~each Location set forth in the Informational Provisions is within the Territory;~~
 - (2) ~~the Locations set forth in the Informational Provisions are all of the Locations where Franchisee, each Affiliate and each Principal engages in the provision of Appraisal services, including without limitation, all or any part of the Business; and~~
 - (3) ~~as of the Effective Date: (a) the pictures provided to Franchisor of each Location truly, completely and accurately reflect such Location (including as to decorations and content); and (b) each Location fully meets or exceeds Franchisor's minimum criteria, rules and requirements for office space/real property from which its franchisees are permitted to exercise the Franchise Rights (in accordance with the Operations Manual);~~
- (C) ~~Franchisee engaged in the appraisal business at and from each Location prior to the Effective Date and has not been issued any notice of violation from any governmental entity in relation to Franchisee's operation or use of such Location; and~~
- ~~(D)(A) Franchisee has determined each Location was and is acceptable to Franchisee for the operation of an appraisal business.~~

~~Franchisee acknowledges that at no time will Franchisor permit Franchisee to operate from a home office or any location that is not zoned for office use, and that, in addition to the criteria, rules and requirements established by Franchisor from time to time and incorporated into Franchisor's then current Operations Manual, each Location that is Franchisee's primary office and any subsequent locations thereof must qualify as not less than Class B office space. Franchisee acknowledges and agrees that:~~

- ~~(AA) Franchisee is relying solely on its own determination that each Location is: (1) acceptable to Franchisee for the operation of the Business; and (2) in compliance with the rules and requirements of Franchisor concerning physical locations from which the Business may be operated as of the Effective Date; and~~
- ~~(BB) Franchisor has not and will not undertake any review or analysis of any Location to determine whether Franchisee will be successful in operating the Business from such Location or whether or not such Location is in compliance with the criteria, rules and requirements of Franchisor concerning locations for the operation of the Business.~~

~~Notwithstanding anything to the contrary contained herein, neither Franchisor nor Parent shall be a party to, or in any way a guarantor of, any obligations, claims or liabilities arising out of, or in connection with, any Location. If, in fact, any Location is not in compliance with the criteria, rules and requirements of Franchisor concerning physical locations from which the Business may be operated as of the Effective Date, then Franchisee acknowledges that Franchisor can require the relocation of Franchisee's business to another location within the Territory that is in compliance as of the date of such relocation. If Franchisee or his or her affiliated entity does not own any Location, Franchisee shall acquire exclusive possession of such Location by lease or other means and use reasonable efforts to have the lease for such Location terminate no earlier than the Normal Termination Date.~~

~~5.31.1 Relocation Site and Lease.~~

~~In the event of a relocation of any Location, Franchisee shall: (A) find a new location that is in compliance with the then current criteria, rules and requirements of Franchisor concerning physical locations from which the Business may be operated; (B) endeavor to find a new location: (1) that is not less than ten (10) miles from any edge of the Territory (except where Franchisor provides advance written approval in its sole discretion); and (2) from which Franchisee is capable of maximizing his or her ability to engage in the Business in the Territory; and (C) notify Franchisor of the prospective new location in writing (being a "**Relocation Request Notice**") at least fifteen (15) business days prior to executing a lease therefore, including therein all relevant information concerning the prospective new location and the lease therefore. Franchisor may, on written notice, request additional information concerning the new location, the lease or any matter related thereto, and shall have fifteen (15) business days from the effective date of the Relocation Request Notice to reply granting or denying the Relocation Request; provided that: Franchisor shall only deny the Relocation Request Notice on a reasonable basis (e.g., without limitation, the new location does not satisfy one or more of the then current criteria, rules and requirements or is not within the Territory); and if Franchisor does not respond to the Relocation Request Notice on or within fifteen (15) business days from the effective date of the Relocation Request Notice, then the request shall be deemed~~

~~granted. Upon the proper relocation, such new location shall thereafter be the "Location" for all purposes. Franchisee acknowledges and agrees that any relocation site selected or approved by Franchisor or any lease approved by Franchisor, shall not be a guaranty or representation that the site will be successful or that the terms of the lease are reasonable. Franchisor shall have no liability with respect to the selection, approval or leasing of any location or new location, nor liability with respect to any recommendation regarding such matters.~~

~~5.41.1 Inspection.~~

~~In order to enable Franchisor to ascertain whether Franchisee is complying with its obligations under this Agreement and in order to enable Franchisor its rights hereunder, Franchisor may at any reasonable time enter any Location without the consent of Franchisee and Franchisee hereby grants Franchisor the right and license to do so at any time during the Term.~~

~~6.1. Franchisor's Obligations.~~

~~6.11.1 Initial Obligations.~~

~~To assist Franchisee in converting his or her current appraisal business into a Business, Franchisor will provide or make available to Franchisee the following:~~

- ~~(A) digital templates containing the Valbridge Mark, for business, sales and marketing materials (e.g., letterhead, flyers, pre-numbered invoices and business cards) as may have been established by Franchisor to be used in the operation of the Business;~~
- ~~(B) advice concerning the transition of Franchisee's current appraisal business into a Business;~~
- ~~(C) assistance with establishing sources of supply for materials to be used in the operation of Franchisee's Business;~~
- ~~(D) make a copy of the Operations Manual available to Franchisee via the Internet or other means;~~
- ~~(E) provide Franchisee with: (1) instructions on how to: (a) subscribe to the Datappraise SaaS; and (b) access that Technology Infrastructure, if any, that is to be used by Franchisee in the undertaking of the Business; and (2) the specifications for any Franchisee required equipment (e.g., computer system) that may be necessary to utilize such Technology Infrastructure;~~
- ~~(F) provide Franchisee with other relevant manuals and written material which Franchisor in its discretion deems necessary; and~~
- ~~(G)(A) include Franchisee's contact information and qualifications on Franchisor's Internet website listing of franchises.~~

~~6.2 Continuing Obligations.~~

~~During the Term, Franchisor shall: (A) provide Franchisee with: (1) details of any alterations, modifications, replacements or improvements to the Valbridge System and the Business; (2) information relating to meetings, conventions, seminars and franchise meetings organized by Franchisor for its franchisees, whether alone or with licensees, and permit Franchisee to attend at Franchisee's own expense; (3) copies of Franchisor's franchisee newsletter; (4) bulletins on sales and service methods, marketing development~~

and techniques, and business and operating procedures, free of charge; and (5) access to a website containing information and communications concerning the operation of a Business and the Valbridge System; (B) provide telephone advice and assistance concerning the Business and the Valbridge System; (C) utilize Technology Infrastructure Fees only to: (1) develop, enhance or maintain, or provide training or customer service concerning, Technology Infrastructure; or (2) pay ancillary expenses arising out of, or related to the activities described in this Section 6.2(C)(1); and (D) enter such arrangements and agreements with Data Appraise Systems, LLC, a Florida limited liability company, to provide the Datapraise SaaS on such terms and at such prices that are not less favorable to Franchisee than those at which Data Appraise Systems, LLC, offer the Datapraise SaaS to third parties that are not franchisees of Franchisor.

~~6.31.1 Delegation of Obligations.~~

~~Franchisor may subcontract or delegate the performance of any or all of its obligations hereunder to such third parties as it deems advisable.~~

~~6.41.1 No Implied Duties.~~

~~Franchisee acknowledges and agrees that, except for Franchisor's duties expressly set forth herein, Franchisor shall not have any other duty or obligations to Franchisee or any equity holder of the Franchisee, including, without limitation, any implied duties.~~

~~6.51.1 NO WARRANTIES OR REPRESENTATIONS BY FRANCHISOR.~~

~~FRANCHISEE'S UTILIZATION OF THE VALBRIDGE SYSTEM AND ELECTION TO ENGAGE IN THE BUSINESS IN ACCORDANCE HERewith IS BASED SOLELY ON FRANCHISEE'S AND ITS AFFILIATES' DUE DILIGENCE AND DETERMINATION THAT IT IS IN FRANCHISEE'S BEST INTERESTS. FRANCHISOR HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES CONCERNING PROFITS, GROSS REVENUES OR ANY OTHER MATTERS CONCERNING THE VALBRIDGE SYSTEM, THE BUSINESS OR ANYTHING RELATED THERETO. FRANCHISOR MAKES NO WARRANTIES, REPRESENTATIONS OR CLAIMS WHATSOEVER, INCLUDING, BUT NOT LIMITED TO: (A) NO WARRANTY OF MERCHANTABILITY; (B) NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (C) NO WARRANTY CONCERNING INTELLECTUAL PROPERTY OWNERSHIP OR INFRINGEMENT; (D) NO WARRANTY OR CLAIMS THAT FRANCHISEE WILL BE ABLE TO: (1) SUCCESSFULLY ENGAGE IN THE BUSINESS; (2) UTILIZE THE VALBRIDGE SYSTEM; OR (3) GENERATE ANY PROFITS OR NET INCOME.~~

~~7.1. Franchisee's Obligations, Representations and Warranties.~~

~~7.11.1 Generally.~~

~~Franchisee understands and acknowledges the importance of maintaining Franchisor's standards and of operating the Business in strict conformity therewith to maintain the common brand, identity, reputation and goodwill of the Valbridge System and to protect Franchisor, Franchisee, Franchisor's other franchisees and licensees, the other constituents of the Valbridge System, and the demand for the products and services sold, supplied or provided through or in connection with the Business or in accordance with the Valbridge System. Therefore, Franchisee shall use Franchisee's best efforts at Franchisee's sole expense to timely and fully undertake and complete the following:~~

- ~~(A) — exercise the Franchise Rights in connection with Franchisee’s operation of the Business only at and from each Location;~~
- ~~(B) — acquire Equipment, Supplies, Software and Services from the vendors and providers approved, authorized or engaged by Franchisor in its sole and absolute discretion, including, without limitation: (1) to (a) rebrand Franchisee’s business operations and each and every Location with the Marks; (b) marketing and promotional materials; (c) materials bearing any Mark (e.g., clothing); (2) for insurance coverage for Franchisee, the operation of the Business, and Franchisor and the other Valbridge parties; (3) for data to be utilized in the Business.~~
- ~~(C) — attend, at Franchisee’s sole cost and expense, not less than one franchisee meeting each year (such meetings to be held at such times and locations as Franchisor may determine);~~
- ~~(D) — employ and utilize a Qualified Franchisee Owner to manage and control Franchisee’s operation of the Business (such person being the “**Franchisee Manager**”), where such Qualified Franchisee Owner:~~
 - ~~(1) — devotes his or her full-time attention to, and has the full authority to manage and control in all respects, Franchisee’s operation of the Business; and~~
 - ~~(2) — has attended and successfully completed Franchisor’s manager training;~~
 - ~~*provided that,*~~
 - ~~(3) — if there is no Qualified Franchisee Owner because he or she dies or no longer meets the requirements to be a Qualified Franchisee Owner and no other natural person is a Qualified Franchisee Owner, then, on or within ten (10) business days after there is no Qualified Franchisee Owner and for a period of up to 120 days thereafter, Franchisee shall employ as its Franchisee Manager one natural person who:~~
 - ~~(a) — but has one or more of the Operational Qualifications;~~
 - ~~(b) — meets the 7.1(D)(1) and (2) requirements, and~~
 - ~~(c) — is reasonably acceptable to Franchisor;~~
- ~~(E) — manage and operate the Business strictly in accordance with the Valbridge System and the Operations Manual, including, without limitation, complying with such additions, modifications, replacements and amendments that may, from time to time, be made by Franchisor, a reasonable time (in light of such addition, modification, replacement or amendment) after notice thereof from Franchisor;~~
- ~~(F) — refrain from having any Mark or part thereof or any word or symbol deceptively similar thereto, a part of the name of Franchisee, except only as may be expressly permitted hereby (and in such case only for so long as permitted hereby);~~
- ~~(G) — operate the Business only under the name or names specified and expressly permitted by Franchisor and only utilizing the Mark(s) in the manner required by Franchisor without any accompanying words or symbols of any nature unless first approved in writing by Franchisor;~~
- ~~(H) — (1) permit only properly licensed and qualified employees and contractors to render appraisal and consulting services; and (2) bind each equity holder of the Franchisee and each employee and contractor engaged by Franchisee during the~~

~~Term to the Manager and Employee Restrictive Covenant in the form attached hereto as Exhibit D (the “Manager and Employee Restrictive Covenant”); provided that, Franchisee may utilize a revised written restrictive covenant that provides as nearly as possible the rights set forth in the Manager and Employee Restrictive Covenant if such revised written restrictive covenant is acceptable to Franchisor (and in such case, the revised written restrictive covenant shall be the Manager and Employee Restrictive Covenant for purposes of this Agreement) if, and only if: (x) Franchisee’s attorney reasonably determines that the Manager and Employee Restrictive Covenant violates or is substantially unenforceable under the law of Franchisee’s jurisdiction; (y) Franchisee provides Franchisor with: (i) a letter from Franchisee’s attorney stating, in detail, a reasonable basis for such determination (though such letter shall not create any duty or obligation of Franchisee’s attorney to Franchisor) and the Manager and Employee Restrictive Covenant revised in accordance with Franchisee’s attorney’s professional advice, in such format as Franchisor may request; and (ii) the stated basis and revised covenant are reasonably acceptable to Franchisor;~~

- ~~(I) — subscribe to (with one seat or subscription purchased for each Principal and each member of Franchisee’s staff, whether employee or contractor, who provides professional, production or support duties, such as, for example and without limitation, appraisers, appraiser trainees and analysts), pay the fees and costs for, and utilize regularly and consistently for and in connection with operation of the Business, each of the Datappraise SaaS, the Templates and the National Database, including, execution of the current forms of the Datappraise SaaS Software Services and License Agreement (for Franchisor’s franchisees and licensees), and the Database Access and License Agreement, copies of the current form of each being attached hereto as Exhibits F and G, respectively, at and as of the Effective Date;~~
- ~~(J) — acquire, hold and maintain such licenses, permits and authorizations as are necessary for Franchisee to engage in the Business and utilize the Valbridge System within the Territory and at such other locations as the Franchisee actually engages in the Business and utilizes the Valbridge System, from time to time;~~
- ~~(K) — render appraisals: (1) only in accordance with: (a) where required, the Uniform Standards of Professional Appraisal Practice then in effect; (b) the laws, rules and regulations applicable to the Territory and such other jurisdictions where Franchisee engages in the Business from time to time during the Term; (c) the Operations Manual; and (d) such other non-conflicting rules, standards or requirements as may be adopted or required by Franchisor from time to time; and (2) utilizing the Templates and such other templates, forms or report, structures and methodologies required by Franchisor from time to time;~~
- ~~(L) — comply with all laws, ordinances, regulations and requirements of local, state and federal governmental authorities and pay any and all city, county, state and federal sales and use taxes, excise taxes, occupation taxes, license fees and other taxes, assessments and levies arising out of or in connection with all or any part of this Agreement and pay vendors, landlords and other creditors of the Business on a timely basis;~~

~~(M)(A) hold Franchisee out as an independent operator of the franchised Business by:~~

- ~~(1) displaying at each Location one or more signs, in such form as may be designated or approved by Franchisor, from time to time, or, in the absence thereof, bearing the words “Independently Owned and Operated by” followed by Franchisee’s name, or other words similar thereto and acceptable to Franchisor; and~~
 - ~~(2) setting forth the words “Independently Owned and Operated by” followed by Franchisee’s name, or other words similar thereto that are acceptable to Franchisor, in each of Franchisee’s proposals, engagement agreements, reports and invoices, and such other documents as Franchisor may designate from time to time, so as to be reasonably visible to the recipient or user thereof (with respect to the report, reasonably visible shall include setting forth such language in the limiting terms and conditions); provided that: (a) if, and only if, there is an express requirement or an express limitation of the applicable licensing jurisdiction prohibiting the foregoing, then, after notice by Franchisee to the Franchisor of such limitation, the Franchisee shall use such words or expressions permitted by the applicable jurisdiction that are acceptable to Franchisor to accomplish the same purpose as the above wording; and (b) Franchisee shall not be required to undertake the foregoing for any proposal or engagement agreement supplied by a third party to franchisee (for example, in the case of an engagement agreement provided to Franchisee by a Person in connection with AMC Services); and~~
 - ~~(3) stating in each report that neither Franchisor nor Parent are a party to, or make or provide any warranty, representation or guaranty concerning, the matters set forth in the report;~~
- ~~(N) prominently display on and in each Location advertising signs in the nature, form, color, number, location and size and containing such wording and materials as Franchisor may direct in writing, including those containing the Authorized Franchisee Trade Name, and refrain from displaying therein or thereon any sign or advertisement which sets forth a name of Franchisee that is other than the Authorized Franchisee Trade Name, or that Franchisor has not pre-approved in writing;~~
- ~~(O) answer the telephone at each Location and each telephone used by the employees or contractors of Franchisee in the conduct of the Business with the Authorized Franchisee Trade Name or such other phrase(s) or statements that are required by the Operations Manual, and refrain from answering the telephone with any other name or phrase without the prior written consent of Franchisor;~~
- ~~(P) continuously (during normal business hours and days) and diligently carry on, conduct and operate the Business at each Location in accordance with this Agreement unless prohibited from so doing by an act of God or conditions beyond Franchisee’s control, and at all times exercise Franchisee’s best efforts, skills and diligence to conduct, operate and promote the Business in accordance with the Valbridge System, the Operations Manual and this Agreement;~~

- ~~(Q) — fully supervise employees and contractors to ensure compliance with the Valbridge System, the Operations Manual and this Agreement, and the utilization of the Datappraise SaaS, Franchisor provided worksheets, the National Database, and the Templates;~~
- ~~(R) — maintain the interior and exterior of each Location in a good state of repair and decoration, and in clean, orderly and sanitary condition;~~
- ~~(S) — refrain from marketing, selling or providing any product or service that: (1) is not part of the Business utilizing, or in proximity to, any Mark, including, without limitation, an AMC Service or a brokerage related service; (2) does not conform with the standards associated with the Mark; or (3) Franchisor has not approved of in advance and in writing;~~
- ~~(T) — refrain from promoting, establishing, operating, suffering or utilizing, or permitting any Person to promote, establish, operate or utilize, any De Facto Location, and immediately close and cease promoting, utilizing, directly or indirectly, any De Facto Location;~~
- ~~(U) — comply with the requirements that Franchisor establishes and instructions that Franchisor provides, from time to time, concerning any of: (1) national accounts or customers; (2) methods, standards and quality of work product arising from the Services (subject to any greater requirements of licensing or regulatory bodies); and (3) the Valbridge System and the Operations Manual;~~
- ~~(V) — diligently (as determined in light of the applicable inquiry or request) respond to inquiries and requests for information and quotes regarding pricing, timing and other matters applicable to the delivery of one or more of the Services that are requested by Franchisor or another franchisee or licensee of Franchisor or a request for quotation received from another Person;~~
- ~~(W) — replace, with replacements that meet Franchisor's then current requirements, all Equipment, Supplies, Software and Services that become obsolete, inoperable, or not compliant with the then current version of the Operations Manual;~~
- ~~(X) — acquire, install and utilize all additional or replacement Equipment, Supplies, Software and Services that become required in accordance with the Operations Manual, including, without limitation as a result of modifications or enhancements to the Valbridge System;~~
- ~~(Y) — use best efforts to maintain the highest quality standards in all matters connected with the Business and the Valbridge Systems; to increase the revenues of the Business at each Location; and to enhance the goodwill associated with and value of the Marks;~~
- ~~(Z)(A) — concerning each Work Product Complaint:~~
 - ~~(1) — upon receipt of such Work Product Complaint, immediately provide written notice (setting forth therein all information known or that can be reasonably secured by Franchisee of, about or in connection with the Work Product Complaint) to each of: (a) Franchisor; (b) the chairperson of each Franchisor designated committee or task force that Franchisor establishes to undertake efforts concerning a Work Product Complaint (e.g., the quality assurance committee, or franchisee training committee, etc.); and (c) if~~

~~required by an insurance policy applicable to the Work Product Complaint, to the applicable insurer;~~

- ~~(2) — fully cooperate with Franchisor and its insurers concerning and during the time each Work Product Complaint is not fully resolved, including, but not limited to: (a) promptly responding to all Franchisor and Franchisor designated committees and task force inquiries; (b) providing Franchisor with true, correct and complete copies of all information, materials, data, notes, work product and reports used or produced in connection therewith, or relating thereto; and (c) providing access to Franchisee's employees and contractors undertaking all or any part of, the Services at issue in a Work Product Complaint, and directing each to fully cooperate with all Franchisor and Franchisor designated committees and task force inquiries;~~
- ~~(3) — take such corrective actions as may be reasonably required by Franchisor to ameliorate or correct a Work Product Complaint whether or not Franchisee believes the Work Product Complaint is warranted or justified; and~~
- ~~(4) — Franchisee authorizes and approves of the communication and delivery and provision of information, materials, data, notes, work product, reports, notes and records by and among each of Franchisor and its designated committees and task forces and each insurer that provides insurance coverage that is or may be applicable to the claims;~~
- ~~(AA) — refrain from taking any action which may bring the Valbridge System into disrepute or which may damage the interests of Franchisor or the Valbridge System;~~
- ~~(BB) — take such actions as may be reasonably required to preserve and protect the interests of Franchisor or the Valbridge System;~~
- ~~(CC) — secure such telecommunications utilities services and equipment so as to be able to access the Internet; and~~
- ~~(DD) — use the e-mail addresses provided by Franchisor for Franchisee's exclusive business e-mail address and pay to Franchisor or its designated vendors the annual hosting and maintenance fees for the e-mail address fees.~~

~~7.21.1 Franchisee Representations and Warranties~~

~~Franchisee and each Principal, jointly and severally, represent and warrant to Franchisor that:~~

- ~~(A) — Franchisee is, and for at least the prior two years has been, regularly engaged in the business of rendering Appraisals for each Qualifying Property Type in the Territory; and~~
- ~~(B) — Franchisee: (1) individually or through one or more of its Qualified Franchisee Owners, holds, and for at least the prior two years has held, all licenses, permits and other authorizations necessary to engage in the Business in the Territory; and (2) has for such period consistently and regularly rendered Appraisals for each Qualifying Property Type;~~
- ~~(C) — there are no pending disciplinary or regulatory complaints, investigations or actions concerning or relating to any of Franchisee, the Franchisee Manager, or any Qualified Franchisee Owner or other equity holder of the Franchisee that could, if~~

- ~~resolved against the respondent result in the loss or suspension of any license, permit, authorization, right or qualification to engage in any part of the Business;~~
- ~~(D) none of Franchisee, the Franchisee Manager, any Qualified Franchisee Owner or other equity holder of the Franchisee has had any license, permit, authorization, right or qualification to engage in any part of the Business revoked, suspended or sanctioned prior to the Effective Date; and~~
- ~~(E) All of the information of, about or provided by Franchisee and each equity holder of the Franchisee set forth in the Informational Provisions, including, without limitation, their interests in the Franchisee, is true, correct and complete.~~

~~8.1. Training~~

~~8.11.1 Generally~~

~~Except where Franchisor and Franchisee were parties to a franchise agreement prior to this Agreement: (A) Franchisor will provide initial training concerning the conduct of the Business, the Valbridge System and matters relating or pertinent thereto (the "Training"), to the Franchisee Manager and each Qualified Franchisee Owner at the next meeting of the other franchisees of Franchisor (which generally occurs on an annual basis); and (B) Franchisee shall cause each Franchisee Manager and each Qualified Franchisee Owner, at Franchisee's sole expense, to: (1) successfully complete the then current online portion of the Training on or within 30 days after the Effective Date; and (2) attend the next meeting of the franchisees of Franchisor on or within one year of the Effective Date. Successful completion of Training shall require attendance at not less than eighty percent (80%) of the sessions (including the online sessions), completion of exercises and the passing of any tests relating to the Training by all of the required attendees.~~

~~8.21.1 Franchisee Manager Training~~

~~The Franchisee shall notify Franchisor in writing of the appointment and each replacement of the Franchisee Manager and, subject to Franchisee securing the Manager and Employee Restrictive Covenants from each Franchisee Manager in accordance with Section 7.1(H), shall cause such Franchisee Manager to successfully complete the then current online portion of the Training on or within 30 days after hire and any other training required by the Franchisor. Franchisor will provide the Training to such Franchisee Manager, at Franchisee's expense.~~

~~8.31.1 Staff Training~~

~~Franchisee shall establish, timely and regularly undertake, and maintain a training program for its staff in accordance with the requirements contained in the Operations Manual.~~

~~8.41.1 Additional Training~~

~~Franchisor shall have the right, on not less than sixty (60) days written notice to Franchisee, to require any or all of the Franchisee Manager, the Qualified Franchisee Owners or the other equity holders of a Franchisee, to attend additional training courses if: (A) Franchisor considers attendance at such courses to be advisable; or (B) Franchisor has developed new techniques, methodologies or systems relating to the Valbridge System. The Franchisee Manager, each Qualified Franchisee Owner or each other equity holder of a Franchisee attending such additional training shall thereafter report the substance and details thereof to Franchisee's employees and contractors on or within~~

~~thirty (30) days after attendance. Franchisor may charge tuition or a training fee for training classes of up to \$1,000, and Franchisee shall pay all costs of attendance (e.g., travel, lodging and meal expenses).~~

~~9.1. Licensure, Actions Against Franchisee and Violations of Law.~~

~~9.11.1 Licensing.~~

~~During the Term, the Franchisee and each Qualified Franchisee Owner shall:~~

~~(A) be and remain licensed and in good standing in the jurisdictions of each Location as may be necessary or, in the sole opinion of Franchisor, advisable, to engage in the Business (provided that, if such jurisdiction does not require appraisers to be licensed, then such person shall maintain such license(s) as may be required to engage in the Business for federally related transactions and such license(s) shall be subject to the provisions of this Section 9); and~~

~~(B)(A) maintain in good standing and be eligible to use the Operational Qualifications applicable to him or her.~~

~~9.21.1 License Related Notifications.~~

~~Franchisee shall immediately notify Franchisor, in writing, in the event of any claim, proceeding or action that:~~

~~(A) alleges: (1) any professional error or omission or negligence by Franchisee or any of Franchisee's employees or contractors; (2) Franchisee's infringement of any intellectual property rights of any other Person; (3) any facts or circumstances which, if proven true, would be covered by Franchisor Arranged Policy or that are subject to a defense obligation of an insurer providing a Franchisor Arranged Policy;~~

~~(B) would, if proven, render the Franchisee or the Franchisee Manager: (1) unable to: (a) engage in or undertake the management of the Business; or (b) continue to maintain the applicable Operational Qualification; or (2) cause him or her to no longer be a Qualified Franchisee Owner or Franchisee Manager; or~~

~~(C) be reasonably expected to negatively impact the goodwill or reputation of Franchisee, Franchisor or any Mark, including, without limitation, any claim, proceeding or action against Franchisee, the Franchisee Manager, a Qualified Franchisee Owner, or any of Franchisee's other professional employees or contractors that alleges: (1) the violation of ethical, professional or other rules of conduct applicable to all or any part of the Business; (2) fraud; or (3) the commission of a crime of moral turpitude, or a felony.~~

~~Such notice shall contain a full description of the claim, proceeding or action, and fully identify the claimant and all circumstances of and information known about the claim, proceeding or action. Franchisee shall, and shall cause its Franchisee Manager, each Qualified Franchisee Owner and other professional employees and contractors to, respond to Franchisor's inquiries concerning each claim or action, and provide to Franchisor all documents, data, communications and other information relating in any~~

~~way thereto or that may be requested by Franchisor. Franchisee authorizes and directs all agents, insurers and other Persons involved in each Franchisor Arranged Policy to communicate with Franchisor all matters, circumstances and information arising from, in connection with, or that are in any way related to, each claim, proceeding or action against any of Franchisee, the Franchisee Manager, a Qualified Franchisee Owner or any of its other professional employees and contractors that in any way relate to or involve the Franchisee's business or operations. If not subject to defense pursuant to a Franchisor Arranged Policy, Franchisee shall diligently and expeditiously defend any such claim, proceeding or action.~~

~~10.1. Improvements to the Valbridge System.~~

~~10.11.1 Franchisor Improvements.~~

~~Franchisor shall endeavor to create and develop new and improved methods of conducting the Business in accordance with the Valbridge System but shall have no obligation to do so.~~

~~10.21.1 Franchisee Improvements.~~

~~Franchisee acknowledges and agrees that, but for the access to the Valbridge System and the Operations Manual through the grant of the Franchise Rights, it would not have access to either the Valbridge System or the Operations Manual. Therefore, Franchisee:~~ (A) shall promptly notify Franchisor in writing of all improvements, additions, modifications and innovations that Franchisee or any of Franchisee's employees, officers or directors reasonably believes would be materially beneficial or advisable to make to any of the Valbridge System, the Operations Manual and each Mark (each being an "Improvement"); and (B) does hereby irrevocably grant, assign, transfer and set over unto Franchisor, its successors and assigns, to have and to hold, all and singular, to their own use forever, all of the right, title and interest of any kind, nature or description held by Franchisee or its employees, officers and directors, in and to each Improvement and the intellectual property contained therein, such assignment being made without additional consideration other than the grant of the Franchise Rights.

~~10.3 Modification of the Valbridge System.~~

~~If any of such improvements, additions, modifications or innovations are determined to be useful, in Franchisor's sole discretion, such improvements, additions, modifications or innovations shall be made available to Franchisee, including, through changes to the Operations Manual.~~

~~11. Fees and Royalties.~~

~~In consideration of the grant of the Franchise Rights and Franchisor's other obligations herein, Franchisee shall timely pay Franchisor the fees, royalties, assessments and other amounts becoming due from time to time in accordance with this Agreement without set off or adjustment.~~

~~11.11.1 Definitions.~~

~~(A) Adjusted Gross Revenue means the sum of:~~

- ~~(1) (a) the total gross revenues on of Franchisee for the applicable period determined in accordance with the Selected Accounting Method; less~~

~~(b) amounts paid or payable by Franchisee for the applicable period in accordance with the Selected Accounting Method: (i) to Peers; (ii) as Referral Fees to Franchisor; and (iii) to third party contractors that do not arise from the conduct or all or any part of the Business (for example, without limitation, pass through payments to professional engineers, or architects), for or in connection with matters giving rise to the total gross revenues reported for the applicable period; plus~~

- ~~(2) the gross revenues of each equity holder or Affiliate of the Franchisee for the applicable period determined in accordance with the Selected Accounting Method that arise from or in connection with such equity holder or Affiliate engaging in all or any part of the Business and where such gross revenues were not included in the gross revenues of the Franchisee under (1) above.~~

~~For clarification, the only amounts deductible from the gross revenues of Franchisee are only those set forth in (1)(b) above, and no deduction or adjustment is permitted whatsoever for: (a) any other amounts paid to any appraiser, whether or not such appraiser is a contractor of Franchisee; or (b) revenues generated by business activities that are: (i) outside of the Business; and (ii) conducted by Franchisee (e.g., real estate brokerage activities) notwithstanding whether or not they are permitted under this Agreement.~~

- ~~(B) **Annual Meeting Fee** means: (1) \$900 during the first Franchise Year; (2) \$975 during the second Franchise Year; and (3) \$1,025 during the third Franchise Year.~~
- ~~(C) **Base Royalty** means: (1) \$20,000 for the first Franchise Year; (2) \$22,000 for the second Franchise Year; and (3) \$24,200 for the third Franchise Year.~~
- ~~(D) **Estimated Franchise Year Revenues** means the amount that is greater than zero and determined by the following calculation:~~
- ~~(1) for the first Franchise Year, the Prior AGR (from the Informational Provisions above); and~~
- ~~(2) for each Franchise Year after the first Franchise Year, the Business Activity Participating Revenue for the prior Fiscal Year multiplied by 1.02.~~
- ~~(E) **Fiscal Year** means the calendar year unless Franchisee uses a different twelve month period for purposes of its federal income tax return, in which case it means such twelve month period.~~
- ~~(F) **Monthly Estimated Royalty** means one twelfth of the Royalty for the applicable Franchise Year utilizing the Estimated Franchise Year Revenues as and for the Adjusted Gross Revenue, provided that, if in any Franchise Year a notice is provided in accordance with Section 11.3(D), then Monthly Estimated Royalty shall be the amount set forth in such notice.~~
- ~~(G) **Referral Assignment** means an opportunity to undertake the Business, in whole or in part, for any third party referred to Franchisee by Franchisor or by a Peer, whether Franchisee undertakes the Business directly for such third party or through the Franchisor or Peer acting as a project coordinator. Referral Assignments where Franchisee is the party receiving the referral will typically be~~

~~the provision of an Appraisal for a property located within the Franchisee's Territory.~~

~~(H) **Royalty** means:~~

- ~~(1) the Base Royalty; plus~~
- ~~(2) the result of three percent (3.0%) multiplied by that portion of the Participating Revenue that is more than \$500,000 and equal to or less than \$1,500,000; plus~~
- ~~(3) the result of two and one-half percent (2.5%) multiplied by that portion of the Participating Revenue that is more than \$1,500,000 and equal to or less than \$2,550,000; plus~~
- ~~(4) the result of two percent (2.0%) multiplied by that portion of the Participating Revenue that is in excess of \$2,550,000~~

~~11.21.1 Initial Fees.~~

~~Except as set forth in Section 4.4(A), contemporaneously with the execution of this Agreement, Franchisee shall pay Franchisor:~~

- ~~(A) An initial franchise fee (the "**Franchise Fee**") of Seventeen Thousand Five Hundred and 00/100 Dollars (\$17,500.00); and~~
- ~~(B)(A) An initial Technology Infrastructure Fee (the "**Technology Infrastructure Fee**") of Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00).~~

~~The Franchise Fee and Technology Infrastructure Fee shall be deemed fully earned and shall be non-refundable when received by Franchisor.~~

~~11.31.1 Royalties, Estimated Royalties, Adjustment and True Up.~~

- ~~(A) Royalty Generally. In addition to the Franchise Fee, Technology Infrastructure Fee and the other amounts payable by Franchisee hereunder, Franchisee shall pay the Royalty for each Franchise Year to Franchisor on or before the 10th day after such Franchise Year.~~
- ~~(B) Estimated Royalty Payments. On or before the first day of each calendar month during the Term, Franchisee shall pay Franchisor the Monthly Estimated Royalty.~~
- ~~(C) Quarterly Reporting. If requested by Franchisor, on or within ten days after such request Franchisee shall provide Franchisor with a report of all Adjusted Gross Revenue (on a line by line basis, including all information concerning deductions applied from the actual gross revenue of Franchisee) for any calendar quarter or quarters for which Franchisee has not previously provided such report.~~
- ~~(D)(A) Adjustment of Estimated Royalty Payments. If at any time Franchisor reasonably and in good faith determines that the payments of Monthly Estimated Royalty by a Franchisee during a Franchise Year will result in a material underpayment or overpayment of the Royalty for such Franchise Year, Franchisor may on not less than thirty (30) days written notice to Franchisee, increase or decrease the Monthly Estimated Royalty in an effort to equate the payments of Monthly Estimated Royalty with the anticipated Royalty due Franchisor for such Franchise Year. Upon such notice the Monthly Estimated Royalty shall mean the amount set forth in such notice.~~

~~(E) Annual True Up. On or before the 45th day after each Franchise Year, Franchisee shall:~~

- ~~(1) — pay Franchisor the difference between: (a) the Royalty due for the prior Franchise Year; and (b) the amounts actually paid by Franchisee pursuant to Section 11.3(B); and~~
- ~~(2) — provide Franchisor with: (a) a true, correct and complete report of all Adjusted Gross Revenue for the prior Franchise Year in such form as is requested by Franchisor, including any claimed deductions or setoffs; and (b) the Franchisee's Financial Statements maintained in accordance with Section 12.1 for: (i) Franchisee's Fiscal Year in which the Franchise Year arises; and (ii) if such Fiscal Year ends on a date different than the end of the Franchise Year, Franchisee's Financial Statements for each quarter for the period beginning on the day immediately after the end of the most recent Fiscal Year through and including the end of the Franchise Year.~~

~~If the calculation pursuant to this Section 11.3(E)(1) results in a negative number, the amount of the overpayment shall be applied to amounts due from Franchisee to Franchisor or, at the end of the Term, refunded to Franchisee on or before the last day of the next full calendar quarter.~~

~~11.4 Referral Fees.~~

- ~~(A) Generally. If Franchisee accepts a Referral Assignment, Franchisee shall timely and fully perform the Referral Assignment in accordance with the requirements of the referral notice, the Operations Manual and applicable standards and comply with the provisions of this Section 11.4.~~
- ~~(B) Referral Assignments. Franchisor and Peers may, from time to time, refer Referral Assignments to Franchisee. Franchisee shall not be obligated to accept any Referral Assignment from Franchisor or any Peer. None or Franchisor or any Peer shall be obligated to make any Referral Assignment or Referral Assignments to Franchisee. Franchisee and a Peer may establish between them a referral fee or other fee that is payable for any Referral Assignment from such Peer to Franchisee or from the Franchisee to such Peer.~~
- ~~(C) Notice of Referral Assignment and Acceptance. If, at any time, Franchisor or any Peer desires to refer a Referral Assignment to Franchisee, the Franchisor or the Peer shall provide Franchisee with a notice (the "**Referral Assignment Notice**") setting forth: (1) the scope of the Referral Assignment (including property information and location, timing for completion and the fee payable for the Referral Assignment); (2) the referral fee or the method of calculating same; and (3) a deadline for Franchisee's acceptance of the Referral Assignment. The Referral Assignment Notice may contain such other information as Franchisor or the Peer may reasonably elect to include. Franchisee shall be deemed to have accepted a Referral Assignment if Franchisee properly and timely replies to the Referral Assignment Notice. If Franchisee fails to timely or properly reply to the Referral Assignment Notice, Franchisee shall be deemed to have rejected the Referral Assignment.~~

- (D) ~~Peer to Peer Referrals.~~ If Franchisee desires to refer a Referral Assignment(s) to any Peer(s), then Franchisee shall: (1) provide such Peer(s) with a Referral Assignment Notice containing the matters described in Section 11.4(C); and (2) promptly transmit to Franchisor an e-mail to the address specified in the Operations Manual: (a) a copy of the Referral Assignment Notice; and (b) each Peer's acceptance or rejection of same.
- (E) ~~Performance of Referral Assignment.~~ Timely and proper performance of each Referral Assignment accepted by Franchisee is essential to maintaining and enhancing the goodwill of Franchisor's franchise system and the Marks. Therefore, if Franchisee accepts a Referral Assignment or coordinates one or more Referral Assignments as a Peer, Franchisee shall use its best efforts to timely and fully perform, or coordinate, such Referral Assignment(s) in accordance with the requirements of the referral notice, the Operations Manual and applicable standards. Franchisee shall timely and fully pay all fees and amounts due Peers that arise pursuant to or in connection with each Peer to Peer Assignment.
- (F) ~~Referral.~~ For each Referral Assignment referred by Franchisor and accepted by Franchisee, Franchisee shall pay Franchisor a referral fee (the "**Referral Fee**") in the amount determined in accordance with the applicable Referral Assignment Notice, payable as set forth below (unless Franchisor deducts the Referral Fee from amounts it received for the Referral Assignment prior to paying Franchisee).
- (G) ~~Payments.~~ Referral Fees shall be due and payable on the fifteenth day of the calendar month immediately following the calendar month in which the gross revenue giving rise to the applicable fee is collected by Franchisee. No later than the date when the Referral Fee is due to Franchisor, Franchisee shall provide Franchisor with a written report setting forth: (1) the calculation of all fees due and payable to Franchisor; (2) the identity of each third party for whom a Referral Assignment was performed since the last report, the applicable property or properties, the date(s) of each such Referral Assignment, and the invoicing date(s) therefore; (3) a detailed description of all gross revenue from Referral Assignments received since the last report, including full and detailed information about each deduction from such gross revenue; and (4) such other information as may be requested, from time to time by Franchisor.

~~11.51.1 Marketing Services Fee.~~

~~Franchisor may, on not less than thirty (30) days prior written notice to Franchisee, establish a marketing services fee (the "**Marketing Services Fee**") in an amount not to exceed one third of the then current Royalty and payable one twelfth each month which shall be payable together with the payment of Monthly Estimated Royalty for a period of up to twelve (12) calendar months (as determined by Franchisor).~~

~~11.6 Technology Services Fee.~~

~~Franchisor may, on not less than thirty (30) days prior written notice to Franchisee, establish a technology services fee (the "**Technology Services Fee**") in an amount not to exceed one third of the then current Royalty and payable one twelfth each month which shall be payable together with the payment of Monthly Estimated Royalty for a period of up to twelve (12) calendar months (as determined by Franchisor).~~

~~11.71.1 Annual Meeting Fee.~~

~~On or before the January 30 of each calendar year during the Term, Franchisee shall pay the Annual Meeting Fee to Franchisor, and upon payment thereof, Franchisee shall be entitled to have one equity holder attend one franchisee meeting during such calendar year without cost for admission (but Franchisee or the selected equity holder shall be solely responsible for travel, lodging and meal expenses not included in the standard fee for such meeting).~~

~~11.8 Pass Through Costs for Franchisor Maintained Equipment, Supplies, Software and Services.~~

~~Franchisor may engage with one or more providers of any Equipment, Supplies, Software or Services to provide the applicable Equipment, Supplies, Software or Services to Franchisee and one or more other franchisees or licensees of Franchisor. As of the Effective Date, Franchisor engages with providers of professional liability insurance and general liability insurance for Franchisor's franchisees and licensees. In each such event, Franchisee shall pay Franchisor the amounts payable by Franchisor that are reasonably allocated to Franchisee (e.g., based on Franchisee's utilization number of employees and contractors, claims history, etc.) plus a services fee not to exceed five percent of the amount due (to cover Franchisor's costs) upon Franchisor's presentation of an invoice therefor. Where possible, Franchisor shall utilize the vendor's allocation to establish the amount due from Franchisee.~~

~~11.91.1 Payment of Amounts Due Franchisor.~~

~~All amounts due and payable to Franchisor do not include sales, use or other taxes, except for taxes on the net income of Franchisor, and Franchisee shall pay all such taxes and fees at the time payment of the underlying amounts is made. Payments:~~

~~(A) shall be received by Franchisor at the address set forth above (or such other address as Franchisor may notify Franchisee of in writing) on the due date; and~~

~~(B)(A) received by Franchisor more than five (5) business days after the due date shall be subject to a late fee of five percent (5%) of the amount due, which the parties agree reflects a reasonable estimate of Franchisor's costs for such late payment.~~

~~All amounts due and not timely paid shall bear interest from the date due until paid at the lesser of one and one half percent (1.5%) per month or the highest rate permitted by applicable law. Franchisee acknowledges and agrees that he/she/it/they has/have no right to withhold payment of any amounts due Franchisor by right of Franchisee's dissatisfaction with Franchisor's performance of its obligations under this Agreement and that if Franchisee is so dissatisfied, Franchisee is required pursue other remedies at law which may be available.~~

~~11.10 ACH Authorization.~~

~~If Franchisee fails to pay any amount due, or provide any report or information, to Franchisor for fifteen (15) days or more after the due date two or more times during the Term, Franchisor may demand that Franchisee execute and authorize, and upon such demand Franchisee shall execute such authorizations, consents and other documents necessary or, in Franchisor's opinion, advisable to authorize and permit Franchisor to~~

~~withdraw all amounts becoming due to Franchisor from time to time pursuant to this Agreement from Franchisee's bank account by automated clearing house or electronic funds transfer.~~

~~12.1. Record Keeping, Reports and Reviews.~~

~~The provisions of this Section 12 shall be applicable during the Term and for twelve months thereafter.~~

~~12.11.1 Record Keeping.~~

~~Franchisee shall keep and maintain all of the following (collectively being the "Franchisee Records"):~~

- ~~(A) sufficient true, correct and complete records to enable Franchisor, or a qualified third party engaged by Franchisor, to determine information about each referral, the amount and all sources of Franchisor's gross revenue, Adjusted Gross Revenue, referral appraisals, the reports required to be filed by Franchisee with Franchisor, from time to time, and Franchisee's compliance with this Agreement (the "Review Variables");~~
- ~~(B) customer engagement files (using the number system required by the Franchisor), appraisal reports, reviews, work sheets, working papers, and other documents, records, data and information and work products prepared or utilized in connection with the delivery or any part of the Business for each of Franchisee's customers (collectively being "Work Product Documents and Information") during the Term and during the term of each prior franchise agreement between Franchisee and any of Franchisor or its predecessor, successors or assigns; and~~
- ~~(C) financial statements (the "Franchisee Financial Statements"), all fully and accurately reflecting the gross income, expenses, financial transactions and results of the operations and financing activities of Franchisee, and prepared and maintained utilizing Franchisee's normal business records and in accordance with the Selected Accounting Method, including, without limitation: (1) profit and loss statements on a quarterly and Fiscal Year annual basis; (2) balance sheets at the last day of each quarter of the Fiscal Year and of each Fiscal Year; and (3) statement of changes in shareholder equity for each Fiscal Year.~~

~~Franchisee shall keep and maintain the Franchisee Records and provide all reports in such format, using a numbering system (e.g., the Franchisor file numbering system) and chart of accounts, and using third party commercially available software that is selected by Franchisor, from time to time. Without limiting the foregoing, as of the Effective Date the records and information concerning and relating to Franchisee's gross income, expenses, financial transactions and results of the operations and financing activities of Franchisee, shall be recorded and maintained in, and the Franchisee Financial Statements shall be prepared utilizing, QuickBooks. Franchisee shall be notified not less than sixty (60) days in advance of any change to the foregoing.~~

~~12.21.1 Reports.~~

~~Franchisee shall promptly and fully provide Franchisor with such reports and information that may be requested by Franchisor, from time to time, including, but not limited to:~~

- ~~(A) an annual census (the “Franchisee Census”) of all employees, contractors and service providers rendering services to or for the benefit of Franchisee by name, age, sex, title, duties description, engagement status, compensation, Franchisee offered benefits utilized, and such other parameters reasonably requested by Franchisor; and~~
- ~~(B) information concerning or relating to any aspect or undertaking of the Business by or for Franchisee, including, without limitation, Work Product Documents and Information, and employee benefit offerings, utilization and waivers; and~~
- ~~(C) quarterly and annual Franchisee Financial Statements on or before the 30th day after the end of: (a) the first, second and third quarters of Franchisee’s Fiscal Year; and (b) Franchisee’s Fiscal Year.~~

~~Franchisee shall update each annual Franchisee Census not less frequently than monthly at and as changes in the information therein occur throughout each year. Franchisor may demand, and Franchisee shall promptly and fully provide, all Work Product Documents and Information concerning any one or more appraisals undertaken by Franchisee or other engagements of Franchisee (whether or not any such appraisal or engagement is the subject of a Work Product Complaint), as well as reports regarding, and information related to, any purpose that is reasonably related to the Business, the Valbridge System, this Agreement and Franchisee’s compliance therewith, the goodwill of the Valbridge System or any Mark, or Franchisor’s or Franchisee’s business or operations, including, without limitation, for quality assurance reviews. A report or the provision of information may be required of Franchisee alone (i.e., there is no requirement that to be valid a report or information must be requested of all of Franchisor’s franchisees and licensees).~~

~~12.3 Report Filing and Late Fees.~~

~~Each report required to be made, or information required to be provided by Franchisee that is received by Franchisor more than ten (10) business days after the due date shall be subject to a late fee of \$250, which Franchisee and Franchisor agree reflects a reasonable estimate of Franchisor’s costs for such late reporting. Late report filing fees shall be due with the next payment due pursuant to Section 11.3, and without the need for an invoice.~~

~~12.41.1 Review of Franchisee Records.~~

~~Franchisor, may conduct, or have conducted, one or more reviews to analyze and determine the Review Variables and the accuracy of the Franchisee Financial Statements by inspecting, copying and analyzing Franchisee Records (each being a “Review”). To initiate a Review, Franchisor shall give Franchisee at least five (5) business days’ written notice stating the date and time of the Review, which shall be during normal business hours. A Review may be conducted, at Franchisor’s option, through the copying of Franchisee Records and the delivery of such copies to Franchisor’s location. Franchisee shall fully cooperate with the Review and provide such personnel as may be required to timely undertake and complete each Review.~~

~~12.51.1 Expenses of Review.~~

~~Franchisor shall pay all expenses of each Review, except where a Review shows Franchisee's underpayment of amounts due Franchisor of five percent (5%) or more or a material inconsistency in any of the Franchisee Financial Statements or Franchisee's Records, in which case Franchisee shall pay all of the costs and expenses of such Review on or within fifteen (15) days of Franchisor's invoice therefor. If, in the reasonable determination of Franchisor, there are any outstanding amounts due Franchisor, Franchisee shall pay such amounts to Franchisor on or within fifteen (15) days of Franchisor's invoice therefore. If Franchisee has overpaid amounts to Franchisor, Franchisee may deduct such overpayment from the amounts next due and payable to Franchisor hereunder or refund such overpayment to Franchisee, at Franchisor's option.~~

~~13.1. Promotional Activities, Marketing and Advertising.~~

~~13.11.1 Generally.~~

~~Franchisee: (A) acknowledges that Franchisor will not provide all or any specific amount of its business through Franchisor's marketing activities and has not promised, guaranteed or implied it will do so; (B) shall, subject to the restrictions set forth in Section 16.1(C), diligently undertake: (1) the Required Local Promotional Activities; and (2) such other marketing, advertising, public relations and promotional activities for the Business in the Territory as it reasonably deems appropriate to maximize its revenues.~~

~~13.21.1 Requirements.~~

~~Franchisee shall comply with the marketing, advertising, public relations and promotional activities criteria and guidelines established by Franchisor from time to time. Such criteria and guidelines will generally be set forth in the Operations Manual and may include, without limitation, branding signage, promotional materials, e-mail signature information, limiting terms and conditions, use of Templates and worksheets, and report structures. Franchisor may, from time to time, provide samples of certain advertising materials that Franchisee may duplicate and use subject to Franchisee ensuring its compliance with all applicable laws and regulations.~~

~~13.31.1 Approvals.~~

~~All materials and advertisements bearing any Mark must adhere to the standards and requirements established, from time to time by Franchisor and be of the highest quality so as to maintain and enhance the value of the Marks. Except for Franchisor provided materials, all marketing, advertising, public relations and promotional activities conducted by Franchisee, and all materials bearing any Mark that are to be utilized by Franchisee, shall be subject to the prior written approval of Franchisor. To secure such approval Franchisee shall provide Franchisor with a written description (and samples if available) of the proposed marketing, advertising, public relations or promotional materials or activities Franchisee seeks to use or engage in. Franchisor shall review and assess the description and samples and respond to Franchisee with an approval or rejection of same.~~

~~13.41.1 Franchisor Marketing.~~

~~Franchisor shall, based on available funding and personnel, endeavor to undertake marketing, advertising, public relations and promotional activities for Franchisor and the Valbridge System using one or more of the Marks. Such marketing activities shall be determined and undertaken in the manner determined by Franchisor in its sole discretion.~~

~~14.1. Insurance.~~

~~14.11.1 Generally.~~

~~Except where there is a Franchisor Arranged Policy in place for the particular insurance coverage, Franchisee shall, at Franchisee's sole cost and expense, obtain and maintain such policies of insurance: (A) concerning the Business as set forth below in Section 14.2 or as may hereafter be required pursuant to the Operations Manual; and (B) in such amounts as are determined by, and from such insurers as may be reasonably acceptable to Franchisor from time to time throughout the Term, including, but not limited to, those set forth herein. Franchisor, Parent and such other Persons as may be selected by Franchisor shall be named as additional insureds on each such insurance policy and each shall be deemed a primary policy in the event of a loss or claim. Franchisee shall provide copies of each such insurance policy to Franchisor on or within fifteen (15) days after the Effective Date and, from time to time, at Franchisor's request. Each such insurance policy shall provide for advance written notice to Franchisor before the cancellation thereof. Franchisee shall provide: (AA) written evidence to Franchisor of the renewal of each such insurance policy not later than fifteen (15) days before the cancellation date of such policy; and (B) written notice to Franchisor immediately upon the cancellation or termination of any such insurance policy. In the event Franchisee fails to secure or renew any policy or provide notice thereof to Franchisor as required herein, Franchisor may (but shall not be obligated to) secure and pay for such policy, in good faith, and the premium thereof shall be treated as an additional amount due hereunder and be due fifteen (15) days after presentation of Franchisor's invoice therefor.~~

~~14.21.1 Policies.~~

~~Except where there is a Franchisor Arranged Policy in place for the particular insurance coverage or if otherwise set forth in the Operations Manual, during the Term and for two years thereafter, Franchisee shall maintain at least the following insurance policies:~~

- ~~(A) a comprehensive general liability policy covering bodily injury and property damage with respect to each Location and products, and completed operations in the amount of not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate; and~~
- ~~(B) an automobile liability policy with a combined single limit of not less than one million dollars (\$1,000,000); and~~
- ~~(C) workman's compensation insurance in an amount not less than one million dollars (\$1,000,000) per employee, one million dollars (\$1,000,000) per accident and one million dollars (\$1,000,000) in the aggregate;~~
- ~~(D) a claims made errors and omissions concerning the rendition of real and personal property appraisal services and appraisal consulting services, with: a limit of liability of not less than One Million Dollars (\$1,000,000) per claim; not less than Two Million Dollars (\$2,000,000) for all claims in the aggregate; and a deductible of not more than Twenty Five Thousand Dollars (\$25,000.00) per claim;~~
- ~~(E) an "all risk" property insurance on each Location, and Franchisee's equipment and supplies, for loss or damage by fire, windstorm, flood, casualty and theft, for at least eighty percent of the replacement cost of such property;~~

- ~~(F) all insurance required by the landlord of each Location and applicable law (limits may vary according to geographical location); and~~
- ~~(G) such other policies that Franchisor may require.~~

~~Franchisor may increase, decrease or otherwise change any of the policy limits, deductibles or coverage related matters pursuant to the Operations Manual. Unless Franchisee obtains a written waiver from Franchisor, any loss or damage must be repaired, restored or rebuilt within 90 days of the date of the loss or damage.~~

~~14.31.1 Franchisor Secured Policies and Deductible Fund.~~

~~Franchisor may elect, from time to time on not less than thirty (30) days advance written notice to Franchisee, to secure, renew, amend or replace or, if previously secured, to replace, amend or terminate, insurance coverage covering Franchisor, Franchisee or the Peers, or all of them, for such claims, matters and occurrences, in such policy amounts and with such deductibles and other terms and conditions as Franchisor may, in its sole discretion, elect (each being a “Franchisor Arranged Policy”). Without limiting the foregoing, Franchisor may secure a Franchisor Arranged Policy for coverage not required by Section 14.2 and with coverage equal to, or more or less than, that required by Section 14.2. If and for so long as there is a Franchisor Arranged Policy, Franchisee shall:~~

- ~~(A) fully and promptly cooperate with Franchisor in its efforts to secure, renew, amend or replace each and every such Franchisor Arranged Policy, including, without limitation, providing, on or within fifteen (15) days of Franchisor’s request, all documentation and true and complete information requested by Franchisor that is in the possession, under the control or accessible to, Franchisee or its, his or her employees, officers, directors, shareholders, managers, members, contractors or agents;~~
- ~~(B)(A) pay Franchisor, from time to time, on or within fifteen (15) days of Franchisor’s invoice therefor, an allocated portion of:~~
 - ~~(1) the premium due for each Franchisor Arranged Policy, such allocation being determined by: (a) the insurer or agent of the insurer of the applicable Franchisor Arranged Policy, in its sole discretion; or (b) if not so established, by Franchisor in its discretion; and~~
 - ~~(2) the deductible arising from time to time as a result of, or in connection with, any claim covered by any Franchisor Arranged Policy if: (a) such claim arises, in whole or in part, from any action or inaction of Franchisee or its, his or her employees, officers, directors, shareholders, managers, members, contractors or agents, whether alone or together with others; and (b) an amount becomes payable as a deductible or for any other reason in connection with or relating to on such Franchisor Arranged Policy, whether or not Franchisee is determined to be liable or at fault as concerns such claim (e.g., defense costs); and~~
 - ~~(3) a reserve fund to be utilized, at Franchisor’s sole discretion, to pay, or to cover the failure of any of Franchisor’s other franchisees or licensees to timely and fully pay, each deductible becoming due from time to time under a Franchisor Arranged Policy, the allocation of~~

~~such reserve fund be determined in substantially the same manner as for the premium allocation above; and~~

~~(C) not be required or permitted to secure such policy in accordance with Section 14.2.~~

~~14.41.1 Limitations.~~

~~Notwithstanding any provision of this Section 14 to the contrary, Franchisor shall not be permitted to require Franchisee to purchase, or to establish a Franchisor Arranged Policy that Franchisee is obligated to participate in that concerns or relates to, a health insurance or 401K, IRA or other retirement plan.~~

~~15.1. Trademarks.~~

~~15.11.1 Generally.~~

~~Franchisee acknowledges and agrees that the Franchised Rights only permit Franchisee to utilize the Marks in connection with the operation of the Business and only in a form and manner approved by Franchisor, including, without limitation, as specified in accordance with Section 2.2 and the Operations Manual. Franchisee shall not: (A) apply for registration as proprietor of any trade or service mark: (1) utilized in connection with the Business or any or part of thereof, including without limitation, the Authorized Franchisee Trade Name except as permitted by Section 2.2(A); or (2) which would conflict with the Marks; (B) take any action which may result in harm to any Mark or put any registrations or applications to register at risk; and (C) refuse to take any commercially reasonable action that is, in the opinion of Franchisor, necessary or advisable to protect the Marks. Franchisee shall include in each utilization of a Mark an inscription as is usual or proper for indicating that such Mark is registered or claimed as a service or trade mark (e.g., ® or SM as may be appropriate depending on the Mark).~~

~~15.2 Franchisee Name.~~

~~Franchisee shall: (A) comply with Franchisor's instructions concerning filing and maintaining the requisite fictitious, trade or assumed name registrations that include all or any part of a Mark; and (B) not utilize all or any portion of a Mark in Franchisee's entity name or, except as required by Section 2.2(A), business name.~~

~~15.31.1 Infringement by Franchisee.~~

~~Franchisee acknowledges that any utilization of any of the Franchisor Intangible Properties beyond the authority granted by this Agreement is an infringement of Franchisor's intellectual property rights and a material breach of this Agreement.~~

~~15.41.1 Infringement by Third Parties.~~

~~In the event of any claim of infringement, unfair competition or other challenge to Franchisee's right to use any Mark, or in the event Franchisee becomes aware of any use of, or claim to, any Mark by any Person other than Franchisor or its franchisees or licensees, Franchisee shall promptly notify Franchisor in writing and provide all details about such infringement, challenge or claim that are known to Franchisee. Franchisee shall not communicate with anyone except Franchisor and its counsel in connection with any such infringement, challenge or claim except upon compulsion based on legal process and after reasonable advance notice to Franchisor. Franchisor shall determine, in its sole and absolute discretion, whether or not to take any action in connection with any such infringement, challenge or claim, and shall have the sole right to control~~

~~exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. Franchisee shall promptly sign all instruments and documents, render any assistance, and do any acts that Franchisor's attorneys deem necessary or advisable in order to protect and maintain Franchisor's interest in any litigation or proceeding related to any Mark or to otherwise to protect and maintain Franchisor's interests in the Marks.~~

~~15.51.1 Modification and Cessation of Use of any Mark.~~

~~Franchisor may, by written notice, require Franchisee to cease or change the use of any Mark, including any Mark on printed or tangible marketing materials owned by Franchisee, if, in the sole determination of Franchisor, it becomes necessary or advisable to modify or discontinue use of any Marks or to use one or more additional or substitute trade names or trade or service marks for any reason. Franchisor may only exercise the foregoing right: (A) once per twelve month period; or (B) more frequently where undertaken: (1) in response to claim of infringement, unfair competition or other challenge concerning or relating to any Mark, in whole or in part; or (2) Franchisor's determination that another Person may have superior rights concerning any Mark, in whole or in part.~~

~~16.1. Restrictive Covenants.~~

~~16.11.1 Term Restrictions.~~

~~During the Term of this Agreement (but not after the termination of this Agreement), Franchisee shall not:~~

- ~~(A) plan, organize or undertake any business activity which directly or indirectly competes with, engages in, or carries on the Business, in whole or in part, or any business activity substantially similar to the Business, except only to undertake and operate the franchised Business in accordance with this Agreement utilizing the Valbridge System, the Operations Manual, and the Marks; and~~
- ~~(B) have any equity or other ownership interest in, hold securities of, become a director or manager of, or otherwise be associated with, or engaged or employed by, any Person or any Affiliate thereof that is engaged in the Business, in whole or in part, or any business activity substantially similar to the Business; and~~
- ~~(C) undertake, or cause to be undertaken, whether directly or indirectly, any Outside Territory Marketing;~~

~~provided that, Franchisor may, in its sole and absolute discretion, by written authorization in advance thereof, permit Franchisee to engage in a specific activity that would, in the absence of such authorization, violate the terms and conditions of this Section 16.1. In the event Franchisee desires to secure such prior authorization, Franchisee shall provide Franchisor with written notice of the specific activity and the other Persons related thereto. Any authorization granted in accordance herewith shall terminate and expire upon: (AA) the earlier to occur of: (1) one hundred eighty days; or (2) Franchisee no longer engaging in such activity on a regular basis; or (BB) the time specified in the written authorization, if set forth therein. Franchisee shall have no right, and hereby waives and relinquishes any such right otherwise granted to Franchisee other than by Franchisor in accordance with this Section 16.1, to require Franchisor to permit Franchisee to engage in any activity that would, in the absence of Franchisor's authorization, violate the terms and conditions~~

of this Section 16.1, merely because such activity was approved in the past or for any other Peer.

~~16.21.1 Term and Post Term Restrictions.~~

~~During the Term of this Agreement and for the Restriction Period, Franchisee shall not:~~

- ~~(A) plan, organize or undertake any Valbridge Party Business in the Restricted Territory;~~
- ~~(B) have any equity or other ownership interest in, or become a director or manager of, or be otherwise associated with, engaged or employed by, any Valbridge Party Competitor or any Affiliate of any Valbridge Party Competitor;~~
- ~~(C) solicit, render services to, or accept business from any Valbridge Party Competitor or any Affiliate of any Valbridge Party Competitor;~~
- ~~(D) solicit, render services to, or accept business from any of Franchisor's Customers, Prospective Customers, and Former Customers in any capacity that is similar or otherwise relates to any Valbridge Party Business;~~
- ~~(E) except upon Franchisor's prior written approval, solicit, hire, compensate or engage as an employee, agent, contractor, shareholder, member, joint venturer, or consultant, whether or not for consideration, any of Franchisor's employees, independent contractors or Former Franchisees.~~

~~16.31.1 Exceptions to Restrictive Covenants.~~

~~Notwithstanding the provisions of: (A) Sections 16.1 and 16.2, Franchisee shall not be restricted from: (1) holding for investment up to five percent (5%) of the issued and outstanding equity of any Person where the equity is publicly traded on, and was acquired through a trade undertaken on, a recognized stock exchange; or (2) subcontracting on a casual (irregular) basis to undertake the Business for AMC Services divisions of any Person engaged in one or more Valbridge Party Businesses; and (B) Section 16.2, Franchisee shall not be restricted from engaging in a Local or Statewide Practice on and after the termination of this Agreement.~~

~~16.41.1 Confidentiality.~~

~~For the Term and after the expiration or termination of this Agreement, whatever the reason, Franchisee shall not, and shall not suffer or permit any Receiving Party to:~~

- ~~(A) disclose any Confidential Information;~~
- ~~(B) except as set forth below in this Section 16.4, directly or indirectly, give any Person to have access to, or permit any Person to access, any Confidential Information; and~~
- ~~(C)(A) make any use, commercial or otherwise, of any Confidential Information, except solely for exercising the Franchise Rights during the Term to engage in the Business in accordance with the Valbridge System at and from each Location.~~

~~Notwithstanding the provisions of this Section 16.4(A) and (B), Franchisee shall be permitted to disclose Confidential Information to Franchisee's employees and contractors who: (X) have executed a Manager and Employee Restrictive Covenant where a copy of such executed Manager and Employee Restrictive Covenant was delivered to Franchisor;~~

and (Y) reasonably require access to the particular Confidential Information being disclosed in order to permit him or her to fulfill his or her duties to Franchisee.

~~16.51.1 Restrictive Covenants Scope.~~

~~The parties acknowledge that the provisions of this Section are necessary and reasonable to protect the legitimate business interest of Franchisor and any violation of the provisions of this Section will result in irreparable injury to Franchisor, the exact amount of which will be difficult to ascertain, and that the remedies at law for any such violation would not be reasonable or adequate compensation to Franchisor for such violation. Accordingly, Franchisee agrees that if the provisions of this Section are violated, in addition to any other remedy, which may be available in equity or at law, Franchisor shall be entitled to specific performance and injunctive relief, without the necessity of proving actual damages.~~

~~16.61.1 Tolling of Restriction Period.~~

~~In the event of Franchisee's breach of one or more of the provisions of this Section 16, the running of the Restriction Period shall be tolled during the continuation of such breach(es) and recommence only upon Franchisee's full and complete compliance with the provisions of this Section 16.~~

~~16.71.1 Judicial Modification.~~

~~In the event a court of competent jurisdiction holds one or more of the provisions of the restrictive covenants invalid as to length of time or geographic scope, then this Section 16 shall be amended to reflect a reasonable length of time or reasonable geographic scope.~~

~~17.1. Entity Franchisee Related Matters.~~

~~17.11.1 Entity Franchisee Related Representations, Warranties and Covenants.~~

~~In the event that the Franchisee is not an individual natural person, then Franchisee and each Principal, jointly and severally, represent and warrant to Franchisor and to Parent that, as of the Effective Date and continuously during the Term of this Agreement:~~

- ~~(A) all of the information set forth in the Informational Provisions is true, correct and complete, including, without limitation, the identity, title, position and Operational Qualifications (if any) of each equity holder of the Franchisee;~~
- ~~(B) the Persons identified in the Informational Provisions as owners of the equity of the Franchisee: (1) own, collectively, all of the issued and outstanding equity and voting interests and securities of Franchisee; (2) directly control Franchisee; and (3) have unanimously approved and consented to the entry and adoption of this Agreement by Franchisee;~~
- ~~(C) the equity holders of the Franchisee holding one or more of the Operational Qualifications own twenty five percent or more of the voting equity of the Franchisee in the aggregate and at least one of the equity holders of the Franchisee holding one or more of the Operational Qualifications is a Principal;~~
- ~~(D) each Person identified in the Informational Provisions as a Principal is competent to contract and has the full power and authority to: (1) execute and deliver the Employee and Manager Restrictive Covenant and, for each Principal, the Guarantee; and (2) perform his or her obligations thereunder;~~

- ~~(E) — no Person that is not identified in the Informational Provisions holds any: (1) right, by contract or otherwise, to vote or direct any equity holder of the Franchisee to vote any equity interest of Franchisee; or (2) any securities that are convertible into an equity interest of Franchisee at any time, including, without limitation, options, warrants or convertible debt;~~
- ~~(F) — Franchisee is the entity type set forth in the Informational Provisions and is duly organized and in good standing in the jurisdiction set forth in the Informational Provisions above;~~
- ~~(G) — Franchisee has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder;~~
- ~~(H) — this Agreement constitutes the valid and legally binding obligation of the Franchisee, enforceable in accordance with its terms and conditions;~~
- ~~(I) — Franchisee is not obligated or required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of, any third party to enter this Agreement; and~~
- ~~(J) — the execution and the delivery of this Agreement will not, immediately or with the passage of time: (1) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Franchisee is subject; or (2) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Franchisee is a party or by which it is bound or to which any of its material assets is subject.~~

~~Franchisee and each equity holder of the Franchisee, jointly and severally, covenant and agree to: (AA) fully comply with the provisions of Section 18 prior the occurrence of any Transfer whatsoever; and (BB) upon the occurrence of any Transfer whatsoever, provide a true, correct and complete written update of the information set forth the Informational Provisions signed by the chief executive officer or general partner or manager of the Franchisee and by each equity holder of the Franchisee. Upon the occurrence of, and at and as of the date of, any Transfer, Franchisee and each equity holder of the Franchisee, jointly and severally, again make the representations and warranties set forth in this Section 17.1.~~

~~17.2 — Equity Holder Agreements.~~

~~Franchisee and each Principal, jointly and severally, covenant and agree to cause:~~

- ~~(A) — the Franchisee to remain in compliance with the Franchisee's representations and warranties set forth in Section 17.1, including, without limitation, 17.1(G);~~
- ~~(B) — each Principal to properly execute and deliver to Franchisor no later than the Effective Date each of: (1) the Guarantee; (2) the Employee and Manager Restrictive Covenant; and (3) the Joinder and Adoption by Principal of Sections of Franchise Agreement, attached hereto as Exhibit E. Each Person; and~~

(C) ~~each Person becoming a Principal on or after the Effective Date shall properly execute and deliver the Section 17.2(B) instruments, agreements and documents to Franchisor on or within five (5) business days of becoming a Principal.~~

~~17.31.1 Legend on Entity Franchisee Equity Certificates.~~

~~If the Franchisee is not a natural person, then, upon the execution of this Agreement and upon each occurrence of a Transfer, the Franchisee shall cause each equity holder of the Franchisee to surrender, and each equity holder of the Franchisee shall surrender, to Franchisee all certificates evidencing the equity interests in Franchisee and Franchisee shall cause the following legend to be affixed thereon:~~

~~THE INTEREST REPRESENTED BY THIS CERTIFICATE IS SUBJECT IN THE CASE OF ANY ENCUMBRANCE, SALE OR OTHER TRANSFER WHATSOEVER TO CERTAIN RIGHTS OF THIRD PARTIES SET FORTH IN THAT CERTAIN FRANCHISE AGREEMENT BY AND AMONG THE ISSUING ENTITY, ITS EQUITY HOLDERS AND VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC, A FLORIDA LIMITED LIABILITY COMPANY.~~

~~After this legend has been placed on the certificates evidencing the equity interests in and all other securities of Franchisee, such certificates shall be returned to the respective equity holder. Such certificates may also bear additional legends applicable to agreements by and among the equity holders of the Franchisee and Franchisee. All certificates for securities or equity interests of Franchisee issued on or after the Effective Date shall, in addition to any other legends required thereon, bear the foregoing legend and be subject to the restrictive provisions of this Agreement.~~

~~18.1. Franchise Transfers.~~

~~To protect and enhance the reputation, skill and capabilities of the Valbridge franchise system, its trade and service marks and rights, and the benefits flowing to Franchisor and the Peers, Franchisor carefully selects and vets its franchisees and their owners and interested parties. Therefore, when a franchisee elects to undertake a transfer of, or to issue or grant another Person, any interest in a franchisee, Valbridge must have and maintain the right to ensure that such other Person meets or exceeds the reputation, skill, capabilities and financial wherewithal that Valbridge requires from its franchisees, that the Transfer arrangements are not likely to limit or restrict, whether as a result of terms of financial arrangements, the ability of such other Person or of the Franchisee after the transfer to meet their individual or collective obligations under this Agreement, and that such other Person will be likely, for the above and other reasons, to successfully participate in the Valbridge system. To protect those interests and accomplish those goals, this Section 18 restricts the ability of Franchisee to undertake a Transfer, and grants Franchisor significant discretion to determine if a proposed transferee is acceptable to Franchisor.~~

~~18.11.1 Franchise Transfers Generally.~~

~~Notwithstanding any contrary provision of this Agreement, no Transfer of all or any part of the Franchise Rights, an entity Franchisee or the equity or voting interest therein, or of Franchisee's business (whether through the sale of substantially all of~~

~~the assets of the Franchisee or the transfer of any equity, rights or other interests in the Franchisee) shall be undertaken, directly or indirectly, in whole or in part, unless:~~

- ~~(A) Franchisee is in full compliance with his/her/its/their/its obligations to Franchisor and there has been no material breach of this Agreement in the past ninety (90) days;~~
- ~~(B) Franchisor is permitted, in accordance with applicable law, to offer and enter the then current form of Franchise Agreement offered by Franchisor to the proposed transferee without undertaking additional filings or legal compliance; and~~
- ~~(C) the Transfer is made strictly in accordance with all of the terms and conditions of this Agreement, including, without limitation, Section 18.3.~~

~~18.21.1 Effect of Improper Transfer.~~

~~Any Transfer, whether voluntary or involuntary, or attempted Transfer, which is not permitted by or made in accordance with the terms of this Agreement shall be void *ab initio*, ineffective and a material breach of this Agreement, and shall not bind Franchisor or otherwise give the Transferee any rights under this Agreement or in or to any of the Franchise Rights. If, notwithstanding the foregoing, a Transfer not permitted by or made in accordance with the terms of this Agreement shall be determined to be effective, then Franchisor may terminate this Agreement in accordance with Section 19.1(I).~~

~~18.3 Approval of Proposed Transferee and Franchisor's Right of First Refusal.~~

~~Franchisee shall not make or suffer any Transfer, except as may be permitted in accordance with, and after strictly complying with, the procedures set forth in, this Section 18.3 (for each Transfer).~~

- ~~(A) Except for the situations falling within the provisions of Sections 18.4 and 18.5, a Franchisee (being the **"Selling Franchisee"**) seeking to make any Transfer (the **"Proposed Transfer"**) shall give not less than forty five (45) days advance written notice (the **"Proposed Franchise Transfer Notice"**) to Franchisor setting forth, in substance:~~
 - ~~(1) that the Selling Franchisee has given to, or received from, a third party (the **"Proposed Transferee"**) a good faith bona fide arms-length specific and detailed arrangement (the **"Offer"**), a true copy of which shall be attached to the Notice, to undertake the Proposed Transfer and that the Selling Franchisee intends to accept such Offer or, if applicable, that the third party has accepted the Offer subject to the rights of the Franchisor set forth in this Section;~~
 - ~~(2) if the Transfer constitutes a Change in Control Transaction, that the Selling Franchisee offers to make such Transfer to Franchisor at the price and upon the terms and conditions as are set forth in the Offer (the **"Right of First Refusal"**); and~~
 - ~~(3) true, correct and complete original versions of:~~

- ~~(a) — Franchisor's current franchisee application completed by the Proposed Transferee and, if applicable, each equity holder of the Proposed Transferee;~~
- ~~(b) — the Prospective Transferee's financial statements, and statements of net worth and work history for each Person holding an equity interest of the Proposed Transferee; and~~
- ~~(c) — such other information (documentary and otherwise) as Franchisor:

 - ~~(i) may request; (ii) may secure or collect from other prospective franchisees or licensees, or prospective transferees; or (iii) may be required, in Franchisor's sole and absolute option, to fulfill its obligations concerning disclosures to be made to the Proposed Transferee.~~~~

~~A Proposed Franchise Transfer Notice for a Proposed Transfer that would violate this Agreement or that fails to make the statements or timely and fully provide all of the information required by this Section 18.3(A) shall be void and of no force or effect. For purposes of this Section, an Offer shall be deemed specific and detailed if, and only if, it fully and completely described the Proposed Transfer, contains all of the terms and conditions of the Proposed Transfer and is in such form (including exhibits, schedules and ancillary contracts) that, when signed, will constitute a binding written agreement between the Selling Franchisee and the ultimate Transferee. The Selling Franchisee, the Proposed Transferee and each equity holder of the Proposed Transferee shall immediately respond to information and documentation requests of Franchisor and shall be fully available to meet with Franchisor's management and employees. The Proposed Transferee and each equity holder of the Proposed Transferee shall fulfill such requirements as may be established, from time to time, by Franchisor for prospective new franchisees, including, without limitation, attendance at discovery day events.~~

- ~~(B) — On or within forty-five (45) days after the Proposed Franchise Transfer Notice (the "Proposed Franchisee Evaluation Period"), the Franchisor shall determine if the Proposed Transferee is acceptable to become a franchisee of Franchisor, in its sole and absolute discretion. If Franchisor determines the Proposed Transferee is:~~
 - ~~(1) — acceptable to become a franchisee, then:

 - ~~(a) — Franchisor shall offer such Proposed Transferee the opportunity to become a franchisee of Franchisor in accordance with applicable law, and on the terms set forth in, the then current franchise agreement offered by Franchisor, excluding only payment of the initial franchise fee; and~~
 - ~~(b) — Franchisee shall pay Franchisor a transfer fee of \$5,000; or~~~~
 - ~~(2) — not acceptable to become a franchisee, then Franchisor:

 - ~~(a) — shall provide written notice to the Franchisee stating such determination; and~~~~

- ~~(b) — if the Transfer constitutes a Change in Control Transaction, may elect by written notice to Franchisee on within sixty (60) days after the Proposed Franchise Transfer Notice to complete the Proposed Transfer with Franchisee on the terms and conditions as are set forth in the Offer.~~

~~Franchisor may assign its rights under this Section 18.3(B)(2)(b) to its Affiliate.~~

- ~~(C) — Selling Franchisee shall be permitted to make the Proposed Transfer to the Proposed Transferee if, and only if:~~

- ~~(1) — the Proposed Transferee is acceptable to Franchisor as a franchisee of the Valbridge System;~~
- ~~(2) — the Selling Franchisee has otherwise complied with his/her/its/their requirements under this Agreement; and~~
- ~~(3) — the Transfer to the Proposed Transferee occurs:~~
 - ~~(a) — on, and only on, the terms and conditions as stated in the Offer (provided that minor changes to the terms and conditions shall be permitted);~~
 - ~~(b) — after: (i) Franchisor has provided all required disclosure documents and all cooling off and periods when Franchisor is prevented from entering a franchise agreement with the Proposed Transferee have elapsed (in accordance with applicable law); (ii) the Proposed Transferee has entered a new franchise agreement with Franchisor containing the terms and conditions then offered by Franchisor and having a term ending on the Normal Termination Date of this Agreement; (iii) Franchisee has paid Franchisor the then current transfer fee and all expenses incurred by Franchisor in connection with the evaluation of the Proposed Transferee and the making of the Transfer; (iv) the Proposed Transferee has completed all training and other pre-requisites established by Franchisor from time to time; and (v) Franchisee has fully satisfied all of his/her/its/their obligations to Franchisor, terminated this Agreement simultaneously with the entry by the Proposed Transferee of the new franchise agreement, and provided Franchisor with a fully executed Release from Franchisee and each of its Principals; and~~
 - ~~(c) — within sixty (60) days after the expiration of the Proposed Franchisee Evaluation Period.~~

- ~~(D) — If the Transfer constitutes a Change in Control Transaction and the Franchisor timely elects to exercise the Right of First Refusal, then the Selling Franchisee shall make the Proposed Transfer to Franchisor at the date and time selected by Franchisor, but not longer than sixty (60) days after the expiration of the Proposed Franchisee Evaluation Period, and on the terms and conditions set forth in the Offer.~~

~~18.4—Death or Incompetence of Qualified Franchisee Owner.~~

~~If the Franchisee is in breach of Section 17.2(A) as a result of the death or incompetence of one or more of its equity holders, then the Franchisee shall not be in breach of this Agreement as a result thereof for a period of one hundred twenty (120) days after the date of death giving rise to such breach if: (A) Franchisee timely complies with its obligations under Section 7.1(D); and (B) there is a Transfer as concerns the Franchisee in accordance with Section 18.3 during such period and, as a result of such Transfer, the Franchisee thereafter becomes compliant with the provisions of Section 17.2(A). The Franchisee shall provide the Franchisor with all information requested by Franchisor from time to time regarding Franchisee's consideration of Transfers and compliance with this Section 18.4. The Franchisor may, in its sole discretion upon good cause shown by the Franchisee, extend the above-referenced term by written notice to the Franchisee.~~

~~18.51.1 Transfers to Franchisee Employees Becoming Equity Holders.~~

~~The provisions of Section 18.3 shall not apply to any Transfer of a Business Interest of up to ten percent (10.0%) of the voting equity interests of an entity Franchisee that meets each and every condition of this Section 18.5:~~

- ~~(A) the Transfer is to an individual who is, and for at least the prior twelve (12) calendar months has been, a bona fide professional or managerial employee of such entity Franchisee;~~
- ~~(B) the *primary and material purpose* of the Transfer is: (1) to make such person a shareholder, member or partner of the entity Franchisee based on his or her skills, experience and acumen as a professional; and (2) not to affect a Transfer of the Franchise and the Franchise Rights;~~
- ~~(C) Franchisee provides not less than forty five (45) days advance written notice to Franchisor of such Transfer, including, therein, the name of the Transferee, the particulars of the basis for such Transfer and the information described in Section 18.3(A)(3); and~~
- ~~(D) If the Transferee becomes a Principal as a result of the Transfer, he or she complies with the provisions of Section 17.2.~~

~~The total amount of Transfers permitted to be made pursuant to this Section 18.5 over the period of the Term and the term of all prior franchise agreements between Franchisor and Franchisee shall be up to an aggregate of forty five percent (45.0%) of the voting equity interests of Franchisee issued and outstanding on the effective date of the first franchise agreement between Franchisee (or its predecessor) and Franchisor. For clarification, if a proposed Transfer does not meet each and every requirement of this Section 18.5, then the provisions of Section 18.3 shall be applicable.~~

~~18.61.1 Transfers to Current Principals.~~

~~The provisions of Section 18.3 shall not apply to any Transfer of the voting equity interests of an entity Franchisee by one Principal to another Principal *if, and only if*, the transferee Principal did not become a Principal by virtue of a Transfer pursuant to Section 18.5. The Franchisee shall provide not less than forty five (45) days advance written notice to Franchisor of a proposed Transfer pursuant to this Section 18.6, including, therein: (A) the name of the Transferor and Transferee; (B) the particulars regarding the Transfer, including, without limitation, the equity interest transferred; (C) a revised fully completed~~

and executed Informational Provisions document showing the revised equity arrangements; and (D) a replacement Adoption Agreement for the Transferee.

~~18.71.1 Transfers by Franchisor.~~

~~Nothing herein shall be deemed to limit or restrict Franchisor's right to undertake a Transfer, in whole or in part, of its interest in this Agreement or any equity or other interest in Franchisor. Upon any Transfer by Franchisor, Franchisee shall release Franchisor from any obligations hereunder thereafter and shall look solely to Franchisor's assignee(s) or successor(s) and, thereafter, all benefits shall inure to the benefit of such assignee(s) or successor(s).~~

~~19.1. Termination and Other Remedies.~~

~~19.11.1 Termination Without Opportunity to Cure.~~

~~Franchisor may terminate this Agreement by written notice to Franchisee without any opportunity to cure upon the occurrence of any of the following:~~

- ~~(A) Franchisee: becomes insolvent; is adjudicated bankrupt; files a voluntary petition; suffers the filing of an involuntary petition in bankruptcy against Franchisee and such petition is not dismissed within thirty (30) days; seeks protection from creditors under any other arrangements or laws similar thereto; makes an assignment for the benefit of creditors; or suffers the appointment of a receiver to take charge of Franchisee's affairs, business operations or property;~~
- ~~(B) Franchisee fails to: (1) commence operating the Business in accordance with the Valbridge System on or within thirty (30) days of the Effective Date; (2) use the Marks on or before the Mark Utilization Date; or (3) operate the Business for a period of twenty (20) or more consecutive business days, unless such cessation arises as a result of the effects of act of god, flood or fire or Franchisor has given its prior written consent;~~
- ~~(C) in Franchisee's franchise application or supporting information, documentation or statements or in the representations of Franchisee and its equity holders herein, Franchisee or any equity holder made any false or misleading statements or failed to state any material fact reasonably necessary to make any statement made therein not false or misleading;~~
- ~~(D) Franchisee permits a tax lien or judgment against Franchisee to remain unsatisfied for sixty (60) days or more, excluding any judgment that is the subject of an ongoing active appeal for less than one (1) year;~~
- ~~(E) Franchisee knowingly provides Franchisor with any report or Franchisee Records that are false, inaccurate, or materially incomplete;~~
- ~~(F) Franchisee fails to attend the initial training on or within one hundred twenty (120) days of the day of this Agreement or fails to attend any other training on or within ninety (90) days of the required date thereof;~~
- ~~(G) Franchisee breaches Section 14;~~
- ~~(H) Franchisee receives: (1) three (3) or more notices of default from Franchisor during the Term, whether or not such defaults related to the same breach or were cured; or (2) two (2) or more notices of default from Franchisor for the same breach, whether or not the first was cured;~~

- ~~(I) the occurrence or proposed undertaking of a Transfer, other than in accordance with Section 18;~~
- ~~(J) Franchisee infringes any of the Franchisor Intangible Properties, excluding only the inadvertent innocent misuse of a Mark where such misuse was not the subject of prior notice by Franchisor;~~
- ~~(K) A claim, proceeding or action referenced in Section 9.2(C) is resolved against Franchisee; or~~
- ~~(L) Franchisee is in breach of its obligations under Section 16.~~

~~19.21.1 Termination After Limited Opportunity to Cure.~~

~~Franchisor may terminate this Agreement on thirty (30) days written notice to Franchisee setting forth the basis for such termination upon: (A) the occurrence of a For Cause Basis; or (B) the failure of Franchisee to achieve the Target Adjusted Gross Revenue for any Franchise Year; provided that, no termination shall occur if within such notice period Franchisee cures the basis of the termination and such basis was not previously the subject of a termination notice to Franchisee, or Franchisor, in its sole and absolute discretion withdraws the termination notice.~~

~~19.31.1 Liquidated Damages.~~

~~Franchisee and Franchisor agree that the damages suffered by Franchisor in the event of Franchisee's breach of one or more of the sections of this Agreement set forth below are not readily ascertainable and that the Liquidated Damages set forth below for each such breach represent the parties reasonable best estimate of the damages that might be expected to arise and be suffered by Franchisor as a result thereof. Therefore, upon each occurrence of breach by Franchisee of any section of this Agreement set forth below, Franchisee shall pay Franchisor the Liquidated Damages applicable to such section. The Liquidated Damages shall be due and payable for each breach on or within five (5) business days of the occurrence of the applicable breach.~~

Agreement Section	Liquidated Damages
2.2, 5.3, 7.1(C), (F), (R) and (CC), 8.1(B), 8.2, 9.2 and 13.2.	\$1,000.00
2.3, 5.2(A), 7.1(A), (B), (D), (E), (G) through (Q), (S) through (BB), and (DD), 9.1 and 17.2.	\$2,500.00

~~By way of clarification, breaches that are subject to this Section 19.3 are of a nature and type that involve non-compliance with aspects of the Valbridge System that will the parties agree will likely negatively affect Valbridge System goodwill, including its ability to be viewed and to act as a unified nationwide organization, such as, for example, concerning utilization of Marks, training, quality standards, responsiveness, use of tools and processes to create uniform work and reporting structures, and matters requiring franchisees and licensees to perform to standards necessary to secure engagements from national accounts. The payment of liquidated damages pursuant to this Section 19.3 shall not limit Franchisor's ability to terminate this Agreement in accordance with Sections 19.1 or 19.2 for any subsequent breach of the same or a different provision of this Agreement.~~

19.4 Other Non-Termination Remedies.

~~In the event of Franchisee's breach of this Agreement, including, without limitation, the failure or repeated failure to timely pay amounts due Franchisor, as an alternative to terminating this Agreement based on this Section 19, Franchisor may, in its sole and absolute discretion, elect by written notice to Franchisee to suspend all or part of the services, rights or benefits provided to Franchisee pursuant to this Agreement or based on Franchisee's status as a franchisee of Franchisor, including, but not limited to, Franchisee's ability to participate in and be awarded referral assignments, the provision of e-mail services and access, or the ability to utilize the website to display information about Franchisee. The services, rights or benefits Franchisor elects to suspend need not have any relationship to the For Cause Basis, and an election made under this Section 19.4 shall not prevent or limit Franchisee's ability to later elect pursuant to Section 19.2 to terminate this Agreement, whether or not for the same continuing, or any subsequent condition or occurrence. The remedies set forth herein shall be cumulative and shall be in addition to any other remedies available to Franchisor under applicable law.~~

~~19.519.4 Termination by Franchisee.~~

~~THIS FRANCHISE AGREEMENT MAY BE TERMINATED ONLY BY FRANCHISOR AND NO PROVISION IS MADE IN THIS AGREEMENT FOR THE UNILATERAL TERMINATION OF THIS AGREEMENT BY FRANCHISEE.~~

~~20.1. Effect of Termination.~~

~~20.11.1 Generally.~~

~~Upon the termination or expiration of this Agreement for whatever reason or basis, all rights of Franchisee under this Agreement shall cease and Franchisee shall: (A) no longer exercise any of the Franchise Rights or engage in the Business; (B) immediately return to Franchisor, at Franchisee's expense, the Operations Manual and all other items that were loaned to Franchisee by Franchisor; and (C) immediately pay to Franchisor all amounts due to Franchisor without set off or deduction.~~

~~20.21.1 Marks, Materials and Trade Dress.~~

~~Without limiting the general nature of Section 20.1, upon the termination or expiration of this Agreement for whatever reason or basis, Franchisee shall immediately:~~

- ~~(A) discontinue use of each Mark, and all signs, cards, notices, other display or advertising materials and each component of Franchisee's Online Presence (including, without limitation, e-mail addresses and signatures) containing or otherwise indicative of any of: a Mark, or Franchisor, or any association with Franchisor, or the Business;~~
- ~~(B) make or cause to be made such changes in signs, cards, notices and other display or advertising materials, buildings and structures as Franchisor shall direct so as effectively to distinguish each Location from its former public image and marketing image including but not by way of limitation a change in the colors used at such Location;~~
- ~~(C) cancel each fictitious name registration of Franchisee that contains the Franchisee Authorized Trade Name or any Mark or any word or symbol that is evocative of, or likely to create confusion with, the Franchisee Authorized Trade Name or any Mark;~~

- ~~(D) if Franchisee is an entity and utilizes all or any portion of a Mark in its name, then Franchisee shall immediately: change its name and remove all Marks, portions of Marks and words and symbols that are in any way evocative of, or likely to create confusion with, any Mark (as determined in the sole and absolute discretion of Franchisor); and file such amendments, notices, documents, instruments and agreements and pay such filing fees as Franchisor may require, in its sole and absolute discretion, to accomplish the foregoing;~~
- ~~(E) join with Franchisor in canceling or terminating any permitted use of the Marks; and~~
- ~~(F)(A) cease the use of all material of whatever nature where the copyright therein is owned by or licensed to Franchisor or where the continued use thereof would in any way infringe any of the Franchisor Intangible Properties, including, without limitation, the undertaking of appraisal and consulting services utilizing the trade secrets, methods and systems implemented, from time to time as part of the Valbridge System.~~

~~If, within thirty (30) days of such direction, Franchisee fails or omits to make or cause to be made any change required by this Section 20.2, then Franchisee grants Franchisor the right, license, power and authority, without the consent of Franchisee, save this right, license and consent, which Franchisee gives irrevocably and unconditionally, and without incurring any liability or having any obligation to Franchisee or any of its equity holders, to enter upon each Location and to file such documents, instruments and notices as Franchisee deems in its sole discretion to be appropriate, to make or cause to be made any such change at the expense of Franchisee which expense Franchisee shall pay on demand.~~

~~20.31.1 Option to Purchase Materials.~~

~~Upon the termination or expiration of this Agreement for whatever reason or basis: (A) Franchisor shall have the option (the “**Materials Option**”), but not the obligation, to purchase all or any part of the supplies, materials, equipment or other tangible assets containing or bearing any Mark or any word or symbol that is evocative of, or likely to create confusion with, any Mark (the “**Materials Option Goods**”), including, without limitation, signs, advertising materials, supplies, inventory, equipment, furnishings, fixtures, or other items at a price equal to the lesser of Franchisee’s cost or the fair market value; and (B) Franchisee shall promptly provide Franchisor with a list (the “**Goods List**”) of all items in Franchisee’s possession or under its control that constitute Materials Options Goods and Franchisee’s estimate of the cost and the fair market value of each such item. Franchisor may exercise the Materials Option by written notice provided on or within 45 days after Franchisee’s provision of the Goods List setting forth therein the Materials Options Goods that Franchisor will purchase and the purchase price of each item thereof. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor whose costs shall be borne equally by the parties, and his or her determination shall be final and binding. The fair market value of tangible assets shall be determined without reference to goodwill, going concern value, or other intangible assets. If Franchisor elects to exercise Materials Option, it shall have the right to set off against the purchase price for the Materials Options Goods, all amounts due from Franchisee under this Agreement, and the cost of the~~

appraisal, if any, against any payment to Franchisee. Should Franchisee fail or refuse to execute and deliver the necessary documents to transfer free and clear title of the Materials Options Goods Franchisor elects to purchase to Franchisor, or its nominee, Franchisor shall be entitled to apply to any court of competent jurisdiction for a mandatory injunction to compel Franchisee to comply with the provisions of this Section 20.3, it being understood that the Materials Options Goods are unique given the potential impact on the goodwill associated with the Marks.

21.1. Independent Contractor.

~~The relationship between the parties is that of independent contractors. Neither this Agreement nor the provision of any advice, information or assistance at any time shall serve to create a fiduciary relationship or relationship of principal and agent between Franchisee and Franchisor. Except as may be expressly permitted by Franchisor in writing, from time to time, Franchisee shall not under any circumstances: (A) act, or hold itself out, as agent or representative of Franchisor; or (B) incur any liability or create any obligation whatsoever in the name of Franchisor. Franchisee shall take such affirmative action as may be requested by Franchisor from time to time (in addition to any actions expressly required by this Agreement) to indicate that Franchisee is an independent contractor and that no Location is operated by Franchisor. Franchisee shall make no statements, representations or claims and shall give no warranties to any customer or prospective customer in respect to the services sold by Franchisee or the Valbridge System, save such as are implied by law or may have been specifically authorized in writing by Franchisor.~~

22.1. No Success Warranties, Representations or Guarantees.

~~Franchisee acknowledges that Franchisor: (A) bases the advice and recommendations it provides and will provide Franchisee concerning, among other things the operation of the Business on experience actually obtained in practice (through its franchisees); (B) is not making or giving any representations, warranties or guarantees concerning the degree of success or financial remuneration that may or will arise from the exercise of the Licensed Rights or the operation of the Business; (C) has advised Franchisee: (1) to discuss Franchisee's intention to enter into this Agreement with other franchisees of Franchisor and Franchisee's professional and business advisors; (2) that Franchisee must decide, based solely on its own judgment, whether or not to enter into this Agreement; and (3) engaging in the Business involves substantial business and financial risk and Franchisee's success will be affected by Franchisee's ability and commitment as an independent business person; and (D) HAS NOT MADE ANY REPRESENTATIONS OR WARRANTIES TO FRANCHISEE CONCERNING EARNINGS, INCOME, COSTS, REFERRALS OR ANY OTHER MATTER NOT EXPRESSLY SET FORTH HEREIN.~~

23.1. Professional Advice.

~~Franchisee acknowledges that Franchisee has been, and its equity holders (if Franchisee is an entity) have been, advised to seek the advice of its attorneys, accountants and professional advisors prior to entering this Agreement, and represents and warrants to Franchisor that Franchisee is satisfied with the results of such advice and enters this Agreement with full knowledge and understanding of the provisions hereof.~~

~~24.1. Notice of Franchisor Breaches:~~

~~Franchisee shall provide Franchisor with immediate written notice of any claim that Franchisor or its affiliated entities have breached this Agreement or any other agreement between any of them and Franchisee. If Franchisee fails to give Franchisor written notice in accordance with the foregoing on or within one (1) year from the date of the claimed breach, then such breach shall be deemed to have been waived by Franchisee and thereupon Franchisee shall be permanently barred from commencing any action relating to such alleged breach.~~

~~25.1. Disclosure of Franchisee Information:~~

~~Franchisee acknowledges that state and federal law may require Franchisor to disclose certain information about Franchisee, including, for example, Franchisee's home address, and consents and agrees to Franchisor disclosing to third parties such information as it deems it is required to do to comply with applicable law.~~

~~26.1. Independent Covenants:~~

~~Except where the context otherwise requires each of the restrictions contained in this Agreement (including, without limitation, those set forth in Section 16) and in each Section and Paragraph shall be construed as independent of every other restriction and of every other provision of this Agreement and the existence of any claim or course of action of Franchisee against Franchisor whatsoever shall not constitute a defense to the enforcement by Franchisor of the said restrictions or of any of them.~~

~~27.1. Power of Attorney:~~

~~If Franchisee fails to perform its obligations under any of Sections 10.2 or 20.2(C), (D) or (E), then, after written notice, Franchisor may perform, or cause performance of, such obligations and to effect the foregoing, Franchisee hereby appoints the chief executive officer or other designee of Franchisor as Franchisee's attorney in fact with full authority in the place and stead of Franchisee, and Franchisee's names, from time to time in Franchisor's sole discretion, to take any action and to execute any instrument which Franchisor may deem necessary or advisable to accomplish the Franchisee's obligations under any of Sections 10.2 or 20.2(C), (D) or (E). Franchisee hereby acknowledges that such power of attorney is coupled with an interest, is irrevocable, and is to be used by Franchisor.~~

~~28.1. Indemnification:~~

~~Franchisee shall hold Franchisor, its officers, directors, employees, agents, successors and assigns, and Parent, and its officers, directors, employees, agents, successors and assigns individually and collectively, harmless from and against, any and all Obligations arising out of, relating to, or suffered by any of them as a result of, any actions or omissions, whether negligent, intentional or otherwise, arising out of: (A) the performance of any obligation of this Agreement, by any of Franchisee, its successors and assigns (permitted or otherwise) any of its equity holders, and any of Franchisee's employees or Franchisee's permitted subcontractors; or (B) the undertaking and operation by Franchisee of its business, whether before, during or after the Term.~~

~~29.1. Entire Agreement, Waiver and Modification:~~

~~This Agreement, the Operations Manual and, if applicable to Franchisee in each instance, the California Addendum, Illinois Addendum, Indiana Addendum, Maryland Addendum,~~

~~Michigan Addendum, Minnesota Addendum, New York Addendum, Virginia Addendum or the Washington Addendum, set forth the entire understanding of the parties concerning the subject matter of this Agreement and incorporate all prior negotiations and understandings. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document. THERE ARE NO VERBAL AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES. BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES AND AGREES THAT THERE ARE NO COVENANTS, PROMISES, AGREEMENTS, CONDITIONS OR UNDERSTANDINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT EXCEPT ONLY FOR THOSE SET FORTH IN WRITING IN THIS AGREEMENT.~~ No failure by Franchisor to exercise any power given to it under this Agreement or to insist upon strict compliance by Franchisee of its obligations under this Agreement or the Operations Manual, and no custom or practice of the parties at variance with the terms of this Agreement shall constitute a waiver or relinquishment of any of Franchisor's rights under this Agreement. No purported waiver by Franchisor of any default by Franchisee of any term or provision contained herein or in the Operations Manual shall be deemed to be a waiver of such term or provision unless such waiver is in writing and signed by the Franchisor. **Furthermore, no such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein or affect or impair Franchisor's right to enforce such term or provision or such default in the future. No delay or omission by Franchisor in exercising or enforcing any of its rights under this Agreement shall affect or impair Franchisor's ability to exercise or enforce such rights in such instance or thereafter. Except for changes to the Operations Manual, which Franchisor may make unilaterally and shall be effective upon notice thereof to Franchisee and for revisions to the Informational Provisions upon an authorized change in Franchisee's equity holders,** no alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing and signed by the party to be charged.

30. Notices.

~~Except for additions, modifications and amendments to the Operations Manual, any consent, waiver, notice, demand, request or other instrument required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given upon: (A) actual delivery if hand delivered; (B) the next business day after transmission by overnight express courier service (e.g., Federal Express), freight prepaid to the address for such party set forth herein; or (C) three (3) business days after being sent by certified United States mail, return receipt requested, postage prepaid, to the address for such party set forth herein. Either party may change its address for notices in the manner set forth herein. Franchisor may provide notice of additions, modifications and amendments to the Operations Manual by posting same at Franchisor's website or by providing notice thereof to Franchisee via e mail, and such notice shall be deemed effective as of the next business day.~~

31.1. Captions.

~~The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.~~

~~32.1. Partial Invalidity.~~

~~If any term or provisions of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances, other than those as to which it is held invalid, shall both be unaffected thereby and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.~~

~~33.1. Applicable Law, Jurisdiction, Venue and Forum.~~

~~This Agreement shall be construed and governed under and by the laws of the State of Florida for contracts executed and to be performed in Florida, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.). The parties: (A) hereby consent to the jurisdiction of the federal and state courts of Florida; (B) agree that, except for third party actions and as set forth below in this Section, exclusive venue for any legal action or arbitration authorized hereunder shall be the city and state of Franchisor's national headquarters (currently Naples, Florida); and (C) waive all defenses based on venue, the inconvenience of the forum and lack of personal jurisdiction the city and state of Franchisor's national headquarters. Notwithstanding the foregoing, if Franchisor deems it necessary to commence an action in Franchisee's jurisdiction in order to be able to realize a particular remedy available to Franchisor, it may do so.~~

~~34.1. Assignment of Contract.~~

~~Franchisee may not Transfer Franchisee's rights or delegate the performance of Franchisee's duties hereunder without the express prior written approval of Franchisor. Franchisor and its successors and assigns may, from time to time, assign or transfer its rights and delegate the performance of its duties hereunder without notice to, or the consent of, Franchisee.~~

~~35. LIMITATION AND WAIVER OF DAMAGES AND CLASS ACTION PROCEEDINGS.~~

~~FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF BUSINESS OR OTHER ECONOMIC DAMAGE, OR INJURY TO PROPERTY, AND AGREE THAT IN THE EVENT OF ANY LITIGATION, MEDIATION, ARBITRATION, OR CONTROVERSY BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY SUCH PARTY. FRANCHISEE HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO ANY PROCEEDING IN THE NATURE OF A CLASS ACTION AGAINST FRANCHISOR, PARENT AND THEIR INDIVIDUAL AND COLLECTIVE AFFILIATES.~~

~~36.1. WAIVER OF JURY TRIAL.~~

~~THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ALL OF THEIR INDIVIDUAL AND COLLECTIVE RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS AGREEMENT.~~

~~37.1. Injunction and Specific Performance.~~

~~Franchisee acknowledges that his/her failure to strictly comply with the terms of this Agreement, the Valbridge System and the Operations Manual is likely to cause irreparable damage to Franchisor, and damages at law would be inadequate. Therefore, notwithstanding any other provision of this Agreement, in the event of a breach or threatened breach of any of the terms of the Agreement by Franchisee, Franchisor shall be entitled to seek injunctive relief restraining such breach or specific performance, without showing or proving any actual damage. The foregoing remedy shall be in addition to all remedies or rights that Franchisor may otherwise have by virtue of any breach of this Agreement by Franchisee. Franchisor shall be entitled to seek such relief without the posting of any bond or security, and if a bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of \$500.00 shall be a sufficient bond.~~

~~38.1. Attorneys' Fees.~~

~~In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or in connection with this Agreement, the prevailing party in such litigation, mediation, arbitration, or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses, and suit costs, including those associated with any appellate proceedings or any post judgment collection proceedings.~~

~~39.1. Counterparts.~~

~~This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.~~

~~40.1. Survival.~~

~~Except where Franchisee and Franchisor enter a renewal franchise agreement in accordance with Section 4.2, Sections 2.4, 6.4, 6.5, 10.2, 11, 12, 14, 15.5, 16.2 through 16.7, 17.1, 18.1, 18.2, 19.3, and 20 through 39 shall survive the expiration or termination of this Agreement and shall continue in full force and effect thereafter.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Agreement as of the day and year first above written.~~

~~Franchisor:~~

~~Valbridge Property Advisors~~

~~Franchisee:~~

~~Name of Entity (if applicable):~~

Franchising System, LLC

By:

Rick Armalavage, Manager

By:

Print name:

Title:

~~CALIFORNIA ADDENDUM~~

~~THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.~~

~~California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).~~

~~The franchise agreement requires binding arbitration and that such arbitration will occur at the offices of the American Arbitration Association nearest our home office, with cost being paid by the party which does not prevail in the arbitration. This provision may not be enforceable under California law. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code § 20040.5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of the franchise agreement restricting venue to a forum outside the state of California."~~

~~The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)~~

~~The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.~~

~~The Franchisor's website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of the Franchisor's website may be directed to the California Department of Corporations: www.corp.ca.gov~~

~~Registration of this franchise disclosure document does not constitute approval, recommendation, or endorsement by the California Department of Corporations Commissioner.~~

~~Item 3: Additional California Disclosure~~

~~None of the persons identified in Item 2 of the Disclosure and none of the franchisor or any Sales Agent of the Franchisor is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et. seq., suspending or expelling such person from membership in any such association or exchange.~~

~~Notice Required by California Exemption for Internet Advertisements.~~

~~Our website URL is: Valbridge.com~~

~~OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dco.ca.gov.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this California Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

~~Franchisor:~~

~~Valbridge Property Advisors
Franchising System, LLC~~

~~Franchisee:~~

~~Name of Entity (if applicable):~~

By: _____
Rick Armalavage, Manager

By: _____
Print name:

Title:

~~ILLINOIS ADDENDUM~~

~~The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended consistent with Illinois Law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.~~

~~Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provides rights to franchisees concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.~~

~~Paragraph 705/41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Illinois Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

~~Franchisor:~~

~~Valbridge Property Advisors
Franchising System, LLC~~

~~Franchisee:~~

~~Name of Entity (if applicable):~~

~~By:~~

~~Rick Armalavage, Manager~~

~~By:~~

~~Print name:~~

~~Title:~~

INDIANA ADDENDUM

~~Pursuant to IC 23-2-2.7-1, the following shall supersede any provisions to the contrary in the Franchise Disclosure Document and shall apply to all franchises offered and sold in the State of Indiana.~~

~~It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:~~

- ~~(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.~~
- ~~(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.~~
- ~~(3)(1) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.~~
- ~~(4)(1) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.~~
- ~~(5)(1) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.~~
- ~~(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new~~

~~models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.~~

~~(7)(1) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.~~

~~(8)(1) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.~~

~~(9)(1) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.~~

~~(10)(1) Limiting litigation brought for breach of the agreement in any manner whatsoever.~~

~~(11)(1) Requiring the franchisee to participate in any:~~

- ~~a) — advertising campaign or contest;~~
- ~~b) — promotional campaign;~~
- ~~c) — promotional materials; or~~
- ~~d) — display decorations or materials;~~

~~at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.~~

~~Further, IC 23-2-2.5-9(2) of the Indiana Franchise Practices Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the franchise agreement; or (ii) 10 days prior to franchisor's receipt of any consideration. The Receipt is amended to reflect the 10 day waiting period.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Indiana Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

~~**Franchisor:**~~

~~Valbridge Property Advisors
Franchising System, LLC~~

~~**Franchisee:**~~

~~Name of Entity (if applicable):~~

~~By:~~

~~Rick Armalavage, Manager~~

~~By:~~

~~Print name:~~

~~Title:~~

MARYLAND ADDENDUM

~~The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise, the franchisor may not require franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law.~~

~~Item 17 of the Franchise Disclosure Document is amended by adding: any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

~~The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.~~

~~Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).~~

~~Item 17 of the Franchise Disclosure Document and Section 18 of the Franchise Agreement are amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.~~

~~Section 18 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland.~~

~~For franchisees having a franchised business in Maryland or a Territory that includes any part of Maryland, Item 5 of the Franchise Disclosure Document and Section 11.2 of the Franchise Agreement are amended as follows:~~

~~All fees shall be deferred pending satisfaction of all of the Franchisor's pre-opening obligations to the Franchisee.~~

~~IN WITNESS WHEREOF, the parties hereto have executed and entered this Maryland Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.~~

~~Franchisor:~~

~~Valbridge Property Advisors~~

Franchisee:

~~Name of Entity (if applicable):~~

~~Franchising System, LLC~~

~~By:~~

~~Rick Armalavage, Manager~~

By:

~~Print name:~~

~~Title:~~

MICHIGAN ADDENDUM

NOTICE REQUIRED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

~~The following statement is required to be provided to the franchisee under the Michigan Franchise Investment Law. By providing this statement, the franchisor does not represent or warrant that any of the following provisions of the law are enforceable. The franchisor reserves the right to contest the enforceability of any of the following provisions.~~

~~The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against the franchisee. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:~~

~~(a) A prohibition on the right of a franchisee to join an association of franchisees.~~

~~(b)(a) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.~~

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

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

~~(i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.~~

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

~~(f)(a) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.~~

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

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

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

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

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

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

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

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

~~Any questions regarding this notice should be directed to:~~

~~Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913 (517) 373-7117.~~

IN WITNESS WHEREOF, the parties hereto have executed and entered this Michigan Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

Rick Armalavage, Manager

Print name:

Title:

MINNESOTA ADDENDUM

Minnesota Statute 80C. 21 and Minnesota Rule 2860. 4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C. 14 Subd. 3-5, which require (except in certain specified cases)

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C. 12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name. Minnesota Rules 2860. 4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860. 4400(J). Also, a court will determine if a bond is required. The Limitations of Claims section must comply with Minnesota Statute 80C. 17 Subd. 5.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Minnesota Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

Title:

NEW YORK ADDENDUM

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

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

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law^{7.1}, fraud^{7.1}, embezzlement^{7.1}, fraudulent conversion or misappropriation of property^{7.1} or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian

franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed and entered this New York Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

Rick Armalavage, Manager

Print name:

Title:

NORTH DAKOTA ADDENDUM AND AMENDMENT

Pursuant to NDCC Section 51-19-09, the North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota Franchisees and requires that certain provisions contained in franchise documents be amended consistent with North Dakota Law. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

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

NORTH DAKOTA AMENDMENT
TO VALBRIDGE PROPERTY ADVISORS FRANCHISE AGREEMENT

This North Dakota Amendment to Valbridge Property Advisors Franchise Agreement (the “Amendment”) is made and entered as of the date set forth below by and between Valbridge Property Advisors Franchising System, LLC, a Florida limited liability company (the “Franchisor”) and the franchisee identified in the signature block below (the “Franchisee”), as an amendment to the Franchise Agreement of even date herewith (the “Franchise Agreement”) by and between the Franchisor and the Franchisee.

The parties agree as follows:

Amendment, Controlling Terms and Defined Terms.

The Franchisee or all or part of the Franchisee’s Territory (as that term is defined in the Franchise Agreement) is located in North Dakota. Therefore, in accordance with North Dakota Franchise Investment Law and the regulations promulgated thereunder, the Franchise Agreement is amended and modified as expressly set forth herein. To the extent that any terms of this Amendment conflict with the terms of the Franchise Agreement, the express terms, conditions, and provisions of this Amendment shall prevail. Except as expressly set forth herein, the terms and conditions of the Franchise Agreement shall remain in full force and effect. Capitalized terms used in this Amendment shall have the meaning set forth in the Franchise Agreement.

Section 4.3(E) of the Franchise Agreement.

Section 4.3(E) of the Franchise Agreement is deleted.

Restrictive Covenants.

The restrictive covenants set forth in the Franchise Agreement (including, without limitation, Section 16) shall be interpreted in accordance with and subject to North Dakota Century Code Section 9-08-06.

Section 19.3 of the Franchise Agreement.

Section 19.3 of the Franchise Agreement is deleted.

Section 33 of the Franchise Agreement.

Section 33 of the Franchise Agreement is deleted.

Section 35 of the Franchise Agreement.

Section 35 of the Franchise Agreement is amended to exclude the Franchisee’s waiver of exemplary and punitive damages.

Section 36 of the Franchise Agreement.

Section 36 of the Franchise Agreement is deleted.

Entire Agreement, Waiver, Modification and Captions.

This Amendment sets forth the entire understanding of the parties concerning the subject matter of this Amendment and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions or understandings, either oral or written, between them relating to the subject matter of this Amendment other than those set forth herein. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or

provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein. Except as set forth below, no alteration, amendment, change or addition to this Amendment shall be binding upon any party unless in writing and signed by the party to be charged. The captions and paragraph letters appearing in this Amendment are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Amendment.

Sections of Franchise Agreement Applicable to Amendment.

The provisions of Sections 30 through 38 of the Franchise Agreement shall be applicable to this Amendment.

Counterparts.

This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute the same instrument.

Survival.

The provisions of this Amendment shall survive and continue in full force and effect after the execution and consummation of the transactions contemplated by this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the day and year first above written.

Franchisor: Valbridge Property
Advisors Franchising System, LLC

Franchisee: (Print Franchisee name below.)

Franchisee authorized person to sign below:

By:
Richard Armalavage, Manager

By:
Print name and title of Franchisee authorized person

VIRGINIA ADDENDUM

Item 18 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the following statements are added to Item 17 of the Franchise Disclosure Document.

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

IN WITNESS WHEREOF, the parties hereto have executed and entered this Virginia Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

Rick Armalavage, Manager

Print name:

Title:

WASHINGTON ADDENDUM

The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in the franchisee's relationship with the franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the franchise agreement in the franchisee's relationship with the franchisor including the areas of termination and renewal of the franchise.

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

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial may not be enforceable.

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

If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington.

Initial fees of new Washington franchisees shall not be due and payable by the franchisee unless and until the franchisor has completed its obligations and the franchisee's franchised business is open and operating.

The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Washington Addendum to the Valbridge Property Advisors Franchise Agreement as of the day and year first above written on the Franchise Agreement.

Franchisor:

Valbridge Property Advisors
Franchising System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, Manager

By:

Print name:

Title:

~~Rick Armalavage, Manager~~

~~Print name:~~

~~Title:~~

EXHIBITS TO FRANCHISE AGREEMENT

EXHIBIT A - DEFINITIONS

- (A) **Affiliate** means with respect to any Person (the “*First Party*”), any other Person:
- (1) that directly or indirectly controls, is controlled by or is under common control with the First Party¹;
 - (2) who is an officer, manager, employee¹ or agent of, partner in, or trustee of, or serves in a similar capacity with respect to, the First Party (or any of the Persons meeting the description set forth in clause (1) above)¹;
 - (3) of which the First Party is an officer, manager, agent, partner¹ or trustee, or serves in a similar capacity¹ or
 - (4) who is a member of the First Party’s family.

For purposes of this definition, the term “*control*” means the direct or indirect possession of the power to direct or cause the direction of the management or policies of the First Party, whether through the ownership of securities, by contract or otherwise.

- (B) **AMC Services** means to oversee and administer a network or panel of more than 15 certified or licensed appraisers in any single state or 25 or more certified or licensed appraisers nationally in connection with valuing properties, collateralizing mortgage loans or mortgages incorporated into a securitization for the benefit or at the direction of an AMC User, where: (1) the provider of the AMC Services utilizes criteria determined by the AMC User or applicable laws, rules or regulations, such as, if applicable, FIRREA, to determine the qualifications of the appraisers eligible to be a panel member¹ and (2) if included, an Appraisal Review conducted by or for the provider of the AMC Services is undertaken to ascertain compliance with applicable laws, rules or regulations. AMC Services *may* include:

(i) recruiting, selecting and retaining appraisers¹; (ii) contracting with licensed and certified appraisers to perform appraisal assignments¹; (iii) managing the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed¹; or (iv) reviewing and verifying the work of appraisers. Typically, though not in all cases, providers of AMC Services are required to register with applicable regulatory authorities.

- (C) **AMC User** means any of: (1) a creditor of a consumer credit transaction secured by a consumer’s principal dwelling¹; (2) an underwriter of, or other principal in, the secondary mortgage markets¹; (3) a Person monitoring one or more portfolios of loans or mortgage-backed securities.

~~(D) **Applicable Referral Rate** shall have the meaning set forth in the Operations Manual from time to time or, in the absence thereof, six percent (6.0%); provided that, under no circumstances shall the Applicable Referral Rate exceed twenty percent (20.0%).~~

- (D) **Ancillary Franchise Document** means each instrument, document, or agreement to be made and delivered, executed, or signed in connection with the entry or continuation of the franchise relationship between the Franchisor and the

Franchisee, or a Transfer or other change in the status of any Franchisee Equity Holder, Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner, including, without limitation: (1) that certain Continuing

Unconditional Guarantee in the form attached hereto as Exhibit B, (2) that certain the Employee and Manager Restrictive Covenant attached hereto as Exhibit D, and (3) that certain Joinder and Adoption of Sections of Franchise Agreement attached hereto as Exhibit E.

- (E) **Appraisal** means the act or process of developing an opinion of value.

- (F) **Appraisal Consulting** means the act or process of developing an analysis, recommendation, or opinion to solve a problem where an opinion of value is a material component of the analysis, recommendation, or opinion.
- (G) **Appraisal Review** means the act or process of developing and communicating an opinion about the quality of another appraiser's Appraisal, Appraisal Consulting or Appraisal Review, including, without limitation, for a provider of AMC Services, whether or not such provider is an Affiliate of the Franchisee. ~~An, provided that, an examination of an appraisal, whether or not characterized as a 'review,' merely for grammatical, typographical, or other similar errors that where the examination is not conducted by a qualified appraiser or~~ does not review ~~or make any substantive changes concerning the the~~ professional work of ~~anthe~~ appraiser ~~shall initially conducting the Appraisal or providing the Appraisal Consulting services is~~ not ~~be~~ an Appraisal Review.
- (H) **Appraiser Panel** means a network of licensed or certified appraisers who perform appraisal services as independent contractors for an appraisal management company.
- ~~(I)~~ **As-Converted Basis** means on a fully diluted basis with all securities that are exercisable, or convertible treated as having been exercised or converted without regard to whether the conditions for such exercise or conversion have occurred or are likely to occur.
- ~~(+)(J)~~ **Business** means ~~undertaking of an~~engaging in a real and personal property appraisal practice in accordance with the processes, procedures, methodologies, and systems established, revised, and ~~adopted~~replaced, from time to time by Franchisor, as set forth in the Operations Manual, and shall include, without limitation:
- (1) Appraisal_{i,1}
 - (2) Appraisal Consulting_{i,1}
 - (3) Appraisal Review_{i,1}
 - (4) evaluations to develop an opinion of value_{i,1}
 - (5) providing expert consulting or testimony concerning any Appraisal, Appraisal Consulting or Appraisal Review_{i,1}
 - (6) conducting real estate market studies and feasibility studies_{i,1}
 - (7) undertaking such other business activities as may be permitted by Franchisor from time to time_{i,1}
 - (8) marketing, selling, and offering for sale the products and services described above, including utilizing the Marks_{i,1} and
 - (9) undertaking such other activities as may be incidental or related thereto_{i,1}
- provided that, "Business" shall not include any of the following:*

- (w) any activity requiring a real estate salesperson or real estate broker license to engage in such activity, such as real estate brokerage or providing a broker opinion of value;
- (x) real estate property and asset management for third party property owners;
- (y) AMC Services; and
- (z) the purchase, improvement, sale, leasing and operation of real estate where the Franchisee is a principal in such activity.

For clarification purposes, though items (w) through (z) are not included in the definition if Franchisee conducts any or all of such activities and generates gross revenue, such gross revenue shall, nonetheless, be included in the gross revenues of the Franchisee for purposes of determining Adjusted Gross Revenue.

~~(J)~~(K) **Business Identity Purposes** means for: (1) all marketing and sales activities and materials, including, without limitation, business cards, signs, and proposals; (2) engagement letters and other Franchisee initiated contracts; (3) checks and financial matters (excluding payroll and governmental correspondence); and (4) all other documents and forms utilized by Franchisee in the regular course of Franchisee's engagement in the Business.

~~(K)~~(L) **Change in Control Transaction** means any Transfer or proposed Transfer of the direct or indirect power to direct or cause the direction of the management or policies of the Franchisee, whether through ~~the ownership, holding or conversion of, equity or other securities, controlling any Equity Interest, or~~ by contract or otherwise by any Person or Persons who ~~deare~~ not, as of the Effective Date, ~~hold any equity and Equity Holder~~ of the Franchisee, including, without limitation, by means of: (1) any transaction or series of related transactions, that include: (a) the purchase or issuance of ~~equity or securities convertible into equity; any Equity Interest,~~ or (b) any reorganization, merger or consolidation of the Franchisee; or (2) the sale or other disposition of all or substantially all of: (a) the material assets of the Franchisee or of its operating subsidiaries; or (b) the ~~stock~~Equity Interests of ~~all of one or more~~ the Franchisee's subsidiaries.

(M) **Confidential Information** means all information of, about, or relating to any Valbridge Party that is: (1) secret or proprietary to any Valbridge Party; or (2) the subject of commercially reasonable efforts by Parent or the Valbridge Party to keep secret and proprietary; or (3) compiled by a Receiving Party through the use of Confidential Information of any one or more of the Valbridge Parties; provided, that, Confidential Information shall not, in any event, include any information that is: (i) generally known or publicly available upon reasonable inspection (as long as such information did not become generally known or publicly available as a result of a breach of a duty of obligation to any Valbridge Party); or (ii) received without a restriction on disclosure from a third party who is not under a duty of confidentiality, directly or indirectly, to any Valbridge Party. Information shall not be disqualified as Confidential Information by the provisions of this subsection (N)(i) or (ii) merely because a part of such Confidential Information is embodied in general disclosures, such as franchise filings or securities law disclosures. Confidential Information shall include, without limitation: trade secrets; inventions; know-how; practice systems, source code and object code; operational diagrams; processing arrangements; operational methodologies for systems and software;

(L) educational materials; methods for undertaking appraisals and delivering services; the Operations Manual and each other description of any best practice or process or method for undertaking any aspect of the Business in the Valbridge System; data; product and service specifications; marketing plans; pricing; business plans and strategies; financial plans; financial results; sales forecasts; sources of supply; personnel information; lists of customers and potential customers; market research data; vendor arrangements; information relating to costs or charges; employee compensation amounts and methodologies; information that a Valbridge Party or any of their individual or collective customers, franchisees or licensees is obligated by law or agreement to keep confidential or not use, and such other information which, if known, would be of advantage to others competing or doing business with, or would be of disadvantage to, any Valbridge Party or any of their individual or collective customers, franchisees or licensees.

~~with, or would be of disadvantage to, any Valbridge Party or any of their individual or collective customers, franchisees or licensees.~~

~~(M)~~(N) **Customer** means each Person that: (1) Franchisor or any other franchisee of Franchisor has referred to Franchisee for the undertaking of the Business;^{7.1} (2) has entered a contract or arrangement with Franchisor pursuant to which one or more franchisees or licensees engage in the Business for such Person;^{7.1} or (3) is an Affiliate of any Person meeting the definition set forth in (1) or (2) above.

~~(N)~~(O) **Dataprpraise SaaS** means that certain real estate appraisal data and business management software-as-a-service that is made available from time to time to Franchisor's franchisees and licensees by Data Appraise Systems, LLC, a Florida limited liability company, and its successors and assigns. Data Appraise Systems, LLC, is a Valbridge Party and an Affiliate of Franchisor and Parent.

~~(O)~~(P) **De Facto Location** means any other office, place or location: (1) other than a Location: (a) where services are rendered to or for the benefit of Franchisee's customers or clients on other than an occasional basis, excluding that portion of the work constituting preparation of work product without visiting a subject property or customer's office, and without communication with that applicable customer (e.g., preparation of a report utilizing previously gathered in-person information)^{7.1}; or (b) from which marketing or sales activities by or for the benefit of Franchisee or any Affiliate of the Franchisee are conducted;^{7.1} or (2) where Franchisee states or implies, whether through marketing, advertising, sales or other promotional activities, that it has an office for the transaction of its business. A De Facto Location: need not be owned or leased by Licensee or bear Licensee's trade name or the Derivative Mark in order to be a De Facto Location⁷; and shall include home offices of Franchisee's employees or contractors to the extent they meet the above definition. However, a home office that an employee utilizes *only* to prepare reports or gather online information, shall not be a De Facto Location.

~~(P)~~(Q) **Determination Date** means: (1) the date that the applicable definition is being determined, if such date is at any time during the existence of a franchise relationship between Franchisor (or its successors and assigns) and Franchisee;^{7.1} or (2) the date that Franchisee's franchise relationship with Franchisor (or its successors and assigns) terminated.

(R) **Dispute** means all disputes, controversies, claims and proceedings arising out of, or relating to, any part of this Agreement, the Business, the Valbridge System or-

~~(Q)~~ the relationship of the parties, including, but not limited to, any claim that this Agreement, or any part thereof, is invalid, illegal or otherwise void, excluding, in all cases the Excluded Claims.

(S) **Equipment, Supplies, Software, and Services** and **Equipment, Supplies, Software or Services** means, ~~collectively each tangible or individually, such equipment, intangible asset, right, or service (including, without limitation, furniture, fixture, equipment, software, operating systems, supplies, insurance, data, maintenance services (including, without limitation, support services, and software-as-a-service) and any other tangible and intangible assets and services which are necessary or~~ Internet accessible platform related services) ~~that,~~ in the ~~opinion and discretion~~ of Franchisor, is necessary or advisable, for the ~~performance by Franchisee~~ to secure for the Franchisee to engage in the Business, to perform its obligations under this Agreement, to comply with Franchisor established best practices, or to meet or exceed industry or customer standards, or for the Franchisor to engage in its business activities, including operating the franchise system. As of the Effective Date, the Equipment, Supplies, Software, and Services include: (1) goods and services to rebrand Franchisee's business operations and each Location with the Marks, (2) marketing and promotional materials and services, (3) goods bearing a Mark (e.g., clothing), (4) professional liability and general liability insurance coverage for Franchisee, the operation of the Business, and Franchisor and the other Valbridge System, or the parties, (5) computer systems, equipment, software, and services,

~~(R)~~ (6) data to be utilized in the Business and services relating to such data, including through a third-party maintained database commonly known as 'CoStar', (7) communications platforms, software, and systems, including email, (8) systems and software to store, manage, and transmit data utilized in the Business and documents prepared in connection with undertaking of the Business, and shall include: (1)(9) the Datapraise SaaS; (2, (10) Templates; (3, (11) an appraisal management software or software-as-a-service platform (currently being V-AMS), and (12) the National Valbridge Database and other data,

~~suppliers; (4) professional liability insurance and general liability insurance maintained for franchisees and licensees of the Valbridge System as a whole; and (5) arrangements for which Franchisor or Parent has entered a contract or arrangement granting or enabling Franchisor's franchisees and licensees to conduct business with a Person on more favorable terms, at a discounted rate, with additional benefits, or as the Valbridge System; provided that the foregoing shall not include any retirement plan or health insurance.~~

(T) **Equity Interest** means, as concerns a Person (the "*Subject Person*"), on an As-Converted Basis: (1) an ownership, stock, membership, or other equity or voting interest (including by contract) in the Subject Person or the parent of the Subject Person, or (2) the direct or indirect ownership of a security that is convertible into an ownership, stock, membership, or other equity or voting interest in the Subject Person.

(U) **Equity Holder** means, as concerns a Person (the "*Subject Person*"), another Person that directly or indirectly holds an Equity Interest in or of the Subject Person.

~~(S)~~(V) **Excluded Claim** means an action, claim or proceeding by Franchisor against Franchisee where Franchisor: (1) seeks injunctive relief, specific performance or other equitable relief; or (2) brings a claim for breach of any of Sections ~~10-2~~10.2, ~~11-11~~, ~~12-4~~12.4, ~~14-14~~, ~~15-15~~, ~~16-16~~ or ~~17-17~~, or (3) alleges that Franchisee infringed any of the intellectual property rights of Franchisor or the Parent, including, but not limited to, any Mark.

~~(T)~~(W) **FIRREA** means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

(X) **For Cause Basis** means, subject to the limitations below: (1) Franchisee's breach of this Agreement, including, without limitation, Sections ~~2-22.2~~, ~~5-5~~, ~~7-7~~ and ~~11-11~~ hereof,-

~~(U)~~ or failure to strictly adhere to the provisions and requirements of, and engage in the Business strictly in accordance with, the Operations Manual; (2) Franchisee's failure to timely and fully pay any amounts due Franchisor or its affiliates, from time to time; (3) Franchisee innocently infringes or misuses the intellectual property rights of Franchisor; or (4) Franchisee is adjudicated incompetent and Franchisee's guardian does not engage a qualified manager to operate the Business within thirty (30) days of such adjudication; *provided that*: For Cause Basis shall not include any of the matters described in Section ~~19.1(A) through (L)~~; 19.1(A) through (L), and innocent infringement or misuse shall not include any circumstance or occurrence that was the subject of prior notice by Franchisor.

~~(W)~~(Y) **Former Customer** means each Person that has been a Customer at any time during the two (2) year period immediately preceding the Determination Date.

~~(W)~~(Z) **Former Employee** means any person who has been employed or engaged as an independent contractor by Franchisor at any time during the two (2) years immediately preceding the Determination Date.

(X) (AA) **Franchise Rights** shall have the meaning set forth in Section ~~2.12.1~~.

~~(Y)~~ **Franchise Year** means: ~~(1) for the first Franchise Year, the period beginning on the Effective Date and ending on the last day of the calendar month in which the anniversary of the Effective Date occurs; and (2) for each Franchise Year after the first Franchise Year, the twelve month period beginning on the day after the end of the prior Franchise Year.~~

~~(BB)~~ **Franchise Year** means each calendar year beginning with the January 1, 2022, through December 31, 2022, calendar year.

~~(CC)~~ **Franchisee Owner** means each of the Franchisee Equity Holders, the Franchisee L2 Owners, the Franchisee L3 Owners, the Franchisee L4 Owners, and the Franchisee L5 Owners.

~~(Z)~~ (DD) **Franchisor Intangible Properties** means the copyrights, know-how, trade secrets, business systems, inventions, processes, methods of collecting, processing and conveying information and outcomes, and all other intellectual property rights of each Valbridge Party or that is licensed to Franchisor by another Person, and shall include, without limitation, the Valbridge System, each Mark, each Template, the NationalValbridge Database and the data therein, marketing materials, concepts and processes, analytics of each Valbridge Party, and the copyrights in and to, articles and the Valbridge Newsletter.

~~(AA)~~ ~~**Guarantee** means that certain Continuing Unconditional Guarantee in the form attached hereto as Exhibit B whereby each Principal guarantees Franchisee's obligations hereunder.~~

~~(BB)~~**(EE)** **Initial Effective Date** means the Effective Date of the first franchise agreement entered by and between Franchisor and Franchisee.

~~(CC)~~**(FF)** **Local or Statewide Practice** means rendering appraisal and consulting services:

(1) for any or all of: commercial real property^{5.15.1}, residential real property^{5.15.1}, businesses and related securities^{5.15.1}, furniture, fixtures and equipment^{5.15.1} and any other tangible property^{5.15.1} and (2) where such appraisal and consulting services are local or statewide in scope, and not, directly or indirectly, in whole or in part, national or regional in scope^{5.15.1} (3) are not undertaken, directly or indirectly, for, by, in connection with, or as an employee or contractor of an Valbridge Party Competitor^{5.15.1} and (4) in an arrangement that is other than as part of a national franchise or an affiliated group of independent appraisal firms.

~~(DD)~~**(GG)** **Location** means each premises that is within the Territory and: (1) is (a) described in the Informational Provisions first set forth in this Agreement^{5.15.1} or (b) one where Franchisee timely provides the Section 5.15.1(CC) notice, receives the consent of Franchisor to add as an additional Location, and thereafter occupies^{5.15.1} or (2) is a relocation replacement for a premises described in (1)(a) or (b) above where such-

relocation was undertaken in accordance with Section ~~5.3~~ 5.3 and this Agreement. Each premises for which a relocation occurred in accordance with this Agreement shall no longer be a Location.

~~(EEHH)~~ **Marks** means: (1) (a) the name *Valbridge Property Advisors*; ~~(b) the Transition Logo;~~ and ~~(c)~~ such other trademarks, trade names, service marks, logos and brands that may be owned by, or licensed to, Franchisor, from time to time, and which Franchisor may, by written notice, make subject to the Franchise Rights; ~~but, but (2) excluding any of the foregoing that Franchisor has determined are no longer permitted to be used.~~
~~(2) excluding any of the foregoing that Franchisor has determined are no longer permitted to be used.~~

~~(II)~~ ~~(FF)~~ **Mark Utilization Date** means:

- (1) the Effective Date; or
- (2) solely concerning displaying each sign at a Location where the Franchisee first occupies such Location on or after the Effective Date, the Franchisee requires governmental authority or landlord approval to display such sign, and the Franchisee diligently applies for and pursues such approval, the lesser of:
 - (a) thirty (30) days after receipt of such approval from the applicable Person; or
 - (b) ninety (90) days after the Effective Date; or
- (3) ninety (90) days after the Effective Date if, and only if, Franchisee:
 - (a) has **not** previously been a franchisee or licensee of Franchisor; and
 - (b) is **not** a Transferee of a prior franchisee or licensee of Franchisor; provided that Franchisor may, in its sole discretion and in writing, extend the Mark Utilization Date under (2) or (3) above for up to sixty (60) days.

~~(GG)~~(JJ) **MAI** means the Person has met the applicable requirements of the Appraisal Institute and is authorized at and for the applicable period to use and display the MAI mark by the Appraisal Institute or its successor.

~~(HH)~~ ~~**National Database** means that certain database of third party real estate related data that is licensed to, and maintained and made available to Person by, Valbridge Property Advisors Data Solutions, LLC, a Florida limited liability company, and subsidiary of Parent, and Affiliate of the Franchisor.~~

~~(II)~~ (KK) **Non-Local Conferences** means conferences, seminars and other group events that have an international, national, regional₁ or statewide focus (e.g., Texas Right- of-Way Conference, the Heckerling Institute on Estate Planning conference, etc.). Any dispute about whether a conference is a Non-Local Conference or not shall be determined by Franchisor in its reasonable discretion, after written notice to Franchisor from Franchisee or any Peer of the dispute, utilizing as factors for the resolution (to the extent known): (1) the locations from which a fair representation of the sponsors come₁; (2) whether the conference moves to different geographic locations outside of the Territory or the Peer's territory₁; (3) whether the conference is intended to be applicable to the Services in a geographic area that is greater than the Territory or the Peer's territory₁ and (4) such other factors as Franchisor may elect to consider.

~~(JJ)~~(LL) **Normal Termination Date** shall have the meaning set forth in the Informational Provisions.

~~(KK)~~(MM) **Obligations** means claims, losses, damages, liabilities, obligations, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees, pretrial, trial and appellate).

(NN) **Online Presence** means any and all of the following that are utilized, maintained, developed or created by or for the purpose, in whole or in part, of marketing, business development, or business promotion : (1) a website; (2) online accessible information or media; (3) each Internet Uniform Resource Locator (URL) and the sub-domain, directory and accessible files accessible through such URL; (4) e-mail addresses and e-mail signatures; (5) directory listings; and (6) social media accounts and platforms, such as, for example, blogs, Facebook pages and profiles, YouTube accounts and channels, LinkedIn profiles, Twitter handles, tweets and feeds, and Google+ accounts; *provided that*, Online Presence shall exclude in all cases: (i) any of the foregoing that are provided by or through Franchisor and for which Franchisee provides information or media in accordance with the Operations Manual; and (ii) responses to requests for quotation utilizing third party provided cloud based online quotation platforms such as, for example, the platforms commonly known as RIMS, Collateral 360 and VSIMS.

(MMOO) **Operational Qualifications** means that the applicable natural person: (1) holds one or more of the following: (a) a MAI or an SRA designation granted by the Appraisal Institute; (b) an ASA designation granted by the American Society of Appraisers; or (c) a CVA (Certified Valuation Analyst) designation granted by National Association of Certified Valuators and Analysts; ~~or~~ (2) is a Certified Public Accountant in the state in which the Territory is located; or (3) is or holds such other qualification or designation that is either set forth in the Operations Manual or approved by the Franchisor in its sole and absolute discretion.

~~other qualification(s) or designation(s) that may be: (a) set forth in the Operations Manual; or (b) approved by the Franchisor in its sole and absolute discretion.~~

~~(NN)~~(PP) **Operations Manual** means that certain operations manual containing the statements of policies and procedures, instructions, and advice to be utilized in the operation of the Business, as may be adopted, amended, modified, revised, or replaced, from time to time by Franchisor. In the event of any dispute, the authentic text of the Operations Manual shall be that of the copy held by Franchisor at its principal corporate office.

~~(OO)~~(QQ) **Outside Territory Marketing** means any marketing, advertising, public relations, business development or promotional activities:

- (1) that are directed outside the Territory; ~~;~~, or
- (2) where a significant purpose of any such activity is to secure one or more engagements to undertake the Business for one or more properties that are outside of the Territory, such as, by way of example and without limitation, a prospective customer located outside the Territory with properties all located outside the Territory (e.g., local governmental agencies outside the Territory); ~~;~~,

provided that Outside Territory Marketing shall not include:

- (i) customers and prospective customers located outside the Territory but with one or more properties located inside the Territory (e.g., real estate management companies, financial managers, etc.); ~~;~~,
- (ii) providing quotes through third party provided cloud based online quotation platforms such as, for example, the platforms commonly known as RIMS, Collateral 360 and VSIMS (though Franchisor strongly recommends that Franchisee inquire with the Peer having the territory where the property is-

- (ii) located to determine if such Peer is going to submit a quote, and utilize such Peer for support in the rendition of the Services in the Peer's territory;
- (iii) attendance and marketing, advertising, public relations, business development or promotional activities at Non-Local Conferences;
- (iv) undertaking the Business in a Specialty Practice Area; and
- (v) where the customer or prospective customer refuses to work with the applicable Peer.

~~(PP) Participating Revenue means the Adjusted Gross Revenue for the applicable Franchise Year less \$500,000; provided that Participating Revenue shall not be less than zero.~~

~~(QQ)~~**(RR)** **Peer** means another franchisee or licensee of the Franchisor.

~~(RR)~~**(SS)** **Peer to Peer Assignment** means any Referral Assignment that, in accordance with Section ~~11.4~~**11.4**, is either: (1) referred by a Peer and accepted by Franchisee; or
(2) referred by Franchisee and accepted by a Peer.

~~(SS)~~**(TT)** **Person** means an individual, sole proprietorship, partnership, joint venture, limited liability company, limited liability partnership, trust, estate, unincorporated organization, association, corporation, institution, or other entity.

~~(TT)~~ (UU) **Principal** means ~~each Person~~ an Equity Holder that directly or indirectly holds ten percent of more of the ~~equity interests of the~~ Franchisee Equity Interests, including, without limitation, as a vendee in possession, pursuant to a contract right (including any option to purchase, whether exercised or not), or as ~~an equity holder of one or more other Persons that hold an equity interest in the Franchisee~~ a Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or Franchisee L5 Owner.

~~(UU)~~ (VV) **Prohibited Equity Holder** means a Person who: (1) is a Valbridge Party Competitor, (2) is an officer, director, manager, partner, or employee or contractor of a Valbridge Party Competitor, or (3) holds an Equity Interest in any Valbridge Party Competitor, *provided that* the foregoing shall not apply to an Equity Interest of two percent or less of the total Equity Interests of a publicly traded Valbridge Party Competitor.

(WW) **Prospective Customer** means each Person for whom at any time during the two (2) year period immediately preceding the Determination Date Franchisor (or other persons on behalf of the Franchisor, such as the business development committee of the Franchisor) undertook marketing, sales or business efforts with the goal of having such Person become a Customer, such efforts including, but not being limited to, meetings at the Prospective Customer facility or at trade shows or industry events.

~~(VVXX)~~ **Qualified Franchisee Owner** Equity Holder means each natural person that: (1) is a Principal; and (2) holds one or more of the Operational Qualifications.

~~(WW)~~ **Qualifying Property Type** means ~~commercial and industrial real property and residential real property plus, if and only if, Franchisee provides Franchisor with written notice if, at any time during the Term that Franchisee has elected to add as a Qualifying Property Type, and Franchisee, by and through its Principals and employees (but not contractors), has expertise in, and has for at least two years prior to the date hereof, rendered appraisal and valuation consulting services for, either or both of: (A) business enterprises and their securities; and (B) business furniture, fixture, equipment machinery and other personal property.~~

~~(XX)~~ (YY) **Receiving Party** means any of Franchisee, its equity holders, directors, officers, managers, employees, contractors, or vendors.

~~(YY)~~ (ZZ) **Referral Assignment** means an opportunity to undertake the Business, in whole or in part, for ~~any third party~~ another Person that was referred to Franchisee by Franchisor or by a Peer, whether Franchisee undertakes the Business directly for such ~~third party~~ other Person or through the Franchisor or Peer acting as a project coordinator. Referral Assignments where Franchisee is the party receiving the referral will typically be the provision of an Appraisal for a property located within the Franchisee's Territory.

(AAA) **Required Local Promotional Activities** means the marketing, business development and sales related activities that are set forth, from time to time, in the Operations Manual.

(AAABBB) **Restriction Period** means a period of two (2) years after the later of: the cancellation, termination or expiration of this Agreement, by whatever means, by either party and for whatever reason; or the termination of Franchisee's franchise arrangement with Franchisor whether under this Agreement or another agreement.

(BBBCCC) **Restricted Territory** means the United States and each country outside the United States in which Franchisor has a franchisee or a distributor or value-added reseller of any of Franchisor's products or services.

(CCCDDD) **Specialty Practice Area** shall have the definition set forth, from time to time, in the Operations Manual.

~~(DDD)~~**(EEE) Technology Infrastructure** means those technology related tools that are used or to be used by any of: the Franchisor or its Affiliates or any franchisee or licensee in the ~~undertaking of~~ Franchisor's ~~Business;~~business or ~~by Franchisees for the operation of the Business; or otherwise for the benefit of the Franchisor or its Affiliates or any franchisee or licensee.~~ Technology Infrastructure ~~may~~:

(4) : (1) shall include, without limitation, one or more: ~~(i of the following:~~ (a) Internet accessible software-as-a-service tools; ~~(ii, (b) licenses to or development, maintenance, or enhancement of~~ software to operate on a ~~Franchisee~~Franchisor or franchisee owned or leased computer system; ~~(iii or server,~~ (c) database related components or structures; ~~or (iv), (d) data, or (e) computer or processing~~ hardware ~~components;~~ and (2) may be utilized for report automation, data or database management or utilization, appraisal process operations or management, appraisal firm operations or management, or customer relationship management, as well as other purposes.

~~(EEEE)~~**(FFF) Template** means each of the appraisal report templates, comparison excel spreadsheets, and other information arrangement, reporting and calculation templates and tools made available by Franchisor from time to time during the Term, including, without limitation, through the Datappraise SaaS.

~~(FFF)~~**(GGG) Term** shall have the meaning set forth in Section 4.14.1

~~(GGG)~~**(HHH) Territory** means the geographical area described in the Territory section of the Informational Provisions of this Agreement.

~~(HHH) Transition Logo~~ means ~~the logo and service mark set forth in the Operations Manual as the Transition Logo. The purpose of the Transition Logo is to permit Franchisee to utilize Franchisor's brand and mark while transitioning the goodwill from Franchisee's existing business to Franchisee's franchised business.~~

(III) Transfer (or Transferred) means: ~~(1) to~~

(1) to directly or indirectly sell, transfer, assign, pledge, hypothecate, mortgage, or otherwise dispose of, whether voluntarily, involuntarily or by operation of law; ~~or (2)~~

(2) in the case of a Franchisee that is ~~an entity or association~~not a single natural person: (a) the direct or indirect sale, transfer, assignment, pledge, hypothecation, mortgage, grant of a lien in or to, or other disposal; of, or ~~(b)~~ the granting or issuance of an Equity Interest of: (i) ~~an equity or voting interest (including by contract) in such entity or association or the parent of such entity or association;~~the Franchisee, or (ii) each Person that is not a security convertible into an equitysingle natural person and a Franchisee L2 Owner, Franchisee L3 Owner, Franchisee L4 Owner, or voting interest in such entityFranchisee L5 Owner, or association

(3) ~~the direct or the parent of such entity or association; or (c) the indirect sale, lease, transfer, assignment, pledge, hypothecation, mortgage, grant of a lien in or to, or other transfer or disposal~~ of substantially all of the business assets of ~~the~~ Franchisee.

~~(III)~~ Transfer shall include a transfer or assignment, or an attempted transfer or assignment, of any of the Franchise Rights or ~~of the~~ Franchisee's business, and shall be interpreted broadly to include all transactions and arrangements where the net effect is to cause a change of ownership or ~~the control of a direct or indirect Equity Interest~~ of Franchisee or his, her, it's, or their business activities.

(JJJ) **Transferee** means the ~~person~~ Person receiving a Transfer.

(KKK) **Valbridge Database** means that certain database of third-party real estate related data that is licensed to, and maintained and made available to Person by, Valbridge Property Advisors Data Solutions, LLC, a Florida limited liability company, and subsidiary of Parent, and Affiliate of the Franchisor.

~~(LLL)~~ **Transferor** means the Person making the Transfer.

~~(LLL)~~ **Valbridge Party** and **Valbridge Parties** means, individually and collectively: (1) ~~the~~ Franchisor; (2) ~~the~~ Parent; (3) Data Appraise Systems, LLC, a Florida limited liability company, ~~an Affiliate of Parent;~~ (4) Valbridge Property Advisors Data Solutions, LLC, a Florida limited liability company, an Affiliate of Parent; and (5) each other subsidiary or sibling entity of any of the foregoing.

~~(MMM)~~ **Valbridge Party Business** means each business activity that is engaged in or for which a material investment is made with the intention of engaging in such activity, from time to time during the Term by each of: (1) ~~the~~ Franchisor; (2) ~~the~~ Parent; or

~~or~~ (3) each other Valbridge Party, whether or not such business activity is being undertaken as of the Effective Date or commences after the Effective Date; provided that, Valbridge Party Business shall not, under any circumstances include a Local or Statewide Practice. As of the Effective Date, the Franchisor engages in the business of: (1) developing, marketing, and promoting a nationwide franchise system of real and personal property appraisers and consultants, including the business systems, marketing methodologies, and service marks Marks used and trademarks to be used in connection with the rendition of appraisal services by third party appraisers; (2) assisting its franchisees and licensees with engaging in such business; (3) marketing and selling such products and services to national accounts; and (4) undertaking those other activities that are incidental to the foregoing.

~~(NNN)~~ OOO **Valbridge Party Competitor** means:

(1) ~~each Person who is, and such Person's his, her, or its~~ Affiliates, ~~successors and assigns who are, engaged in or propose to be engaged in, in whole or in substantial part, any business or activity that: (a) directly or indirectly competes with, or is substantially similar to, any Valbridge Party Business; or (b) is a replacement for any Valbridge Party Business; and:~~

~~(2)(1) as concerns Franchisor, without limitation, each Person and such Person's~~ Affiliates, ~~successors and assigns~~ utilizing any of, ~~or the successors to~~, the following trade names: (a) Newmark; (b) CB Richard Ellis or CBRE; (c) Jones Lang LaSalle or JLL; (d) Colliers; (e) Butler Burgher Group or BBG; ~~and~~, (f) Integra Realty Advisors or IRR, or (g) Bowery Valuation, or

(2) ~~(OOO) engaged in, or who proposes to be engaged in, in whole or in substantial part, any business or activity that directly or indirectly competes with, is substantially similar to, or is a replacement for a Valbridge Party Business.~~

(PPP) **Valbridge System** means the business systems, processes, forms, software, templates, methods, know-how, trade and services marks and other intellectual property rights and intangible properties that: (1) have been, or may hereafter be,-

developed by Franchisor or Parent or that have been assigned to Franchisor by one or more of its franchisees or licensees¹; (2) are set forth in the Operations Manual¹; or (3) Franchisor has otherwise expressly made available to its franchisees or requires franchisees to adhere to in connection with engaging in the Business.

~~(PPP)~~ QQQ **Work Product Complaint** means any claim, allegation or complaint of a Person: (1) who is or claims to be customer or entitled to rely on a report or work product of the Franchisee, regardless whether Franchisee contests the claim, allegation or complaint or the ability of such Person to rely on the report or work product, including, *but not limited to*, any concerning or claiming: poor customer service, failure to meet time requirements, failure to properly determine value, conflict of interest, professional error, or threatening to commence a claim, proceeding or lawsuit against any of Franchisee, Franchisor or a Peer or any of their individual or collective employees or contractors¹; or (2) that is a Customer or Former Customer.

-----End of Exhibit A-----

EXHIBIT B - CONTINUING UNCONDITIONAL GUARANTEE

CONTINUING UNCONDITIONAL GUARANTEE

This Continuing Unconditional Guarantee (the "**Guarantee**") is entered as of the date set forth above the signature block below by the individual identified as the guarantor in the signature block below ("**Guarantor**"), and Valbridge Property Advisors Franchising System, LLC, a Florida limited liability company, its successors and assigns ("**Franchisor**").

BACKGROUND

BACKGROUND

The entity identified in the signature block below ~~the~~ ("**the Franchisee**") and the Franchisor are parties to that certain Franchise Agreement concerning the operation of a Valbridge Property Advisor franchise business (the "**Franchise Agreement**"). The Guarantor is an ~~Affiliate (as defined below)~~ Equity Holder of the Franchisee.

The Guarantor and the Franchisor are entering into this ~~Agreement~~ Guarantee solely to secure the performance of the Franchisee's obligations pursuant to the Franchise Agreement. This Guarantee is provided as a material condition precedent to the Franchisor entering the Franchise Agreement with the Franchisee.

AGREEMENT

NOW THEREFORE, the parties agree as follows:

1. **Definitions.** Capitalized terms not defined herein shall have the meanings given to them in the Franchise Agreement.

- (A) **Affiliate** means with respect to any Person (the "First Party Subject Person"), any other Person:
- (1) that directly or indirectly controls, is controlled by or is under common control with the First Party Subject Person,
 - (2) who is an officer, manager, employee, or agent of, partner in, or trustee of, or serves in a similar capacity with respect to, the First Party Subject Person (or any of the Persons meeting the description set forth in clause (1) above); or,
 - (3) of which the First Party Subject Person is an officer, manager, agent, partner, or trustee, or serves in a similar capacity; or
 - (4) who is a member of the First Party's Subject Person's family.

For purposes of this definition, the term "*control*" means the direct or indirect possession of the power to direct or cause the direction of the management or policies of the First Party Subject Person, whether through the ownership of securities, by contract or otherwise.

- (B) **Co-Affiliate Liabilities** means Liabilities that arise, are incurred, or suffered solely as a result of the failure of any Affiliate of the Franchisee, other than the Guarantor, to either: (1) take any action required to be taken by such other Affiliate; pursuant to applicable law, contract, or other requirement, or (2) refrain from taking any action such other Affiliate was required to refrain from taking pursuant to applicable law, contract, or other requirement.

- (C) **Equity Interest** means, as concerns a Person (the "*Subject Person*"), on an As-Converted Basis: (1) a direct or indirect ownership, stock, membership, or other equity or voting interest (including by contract) in the Subject Person or the parent of the Subject Person, or (2) the direct or indirect ownership of a security that is convertible into a direct or indirect ownership, stock, membership, or other equity or voting interest (including by contract) in the Subject Person or the parent of the Subject Person.

- (D) **Equity Holder** means, as concerns a Person the "*Subject Person*"), another Person that directly

or indirectly holds an Equity Interest in or of the Subject Person.

~~(C)~~(E) **Future Liabilities** means Liabilities that arise and claims that accrue and mature after the Revocation Date, but shall not include any Liabilities of the Franchisee to the Franchisor that: (1) have arisen or accrued on or before the Revocation Date that are not due and payable by the Guarantor until after the Revocation Date, or (2) arise pursuant to Section 15 after the Revocation

~~Revocation Date that are not due and payable by Guarantor until after the Revocation Date; or (2) arise pursuant to Section 15 after the Revocation Date~~ on account of any claim or cause of action that accrued or matured on or prior to the Revocation Date (whether payable by the Guarantor before, on or after the Revocation Date).

~~(D) **Interest Threshold** means ten percent (10.0%) of equity or voting interests in the Franchisee, whether individually or collectively. For purposes of determining whether Guarantor's equity or voting interests in the Franchisee exceed the Interest Threshold, individually or collectively, all convertible securities shall be deemed converted on the day prior to the date of the notice, all options and warrants shall be deemed exercised on the day prior to the date of the notice, and all rights available to Guarantor, whether or not then exercised by Guarantor, shall be deemed utilized by Guarantor.~~

~~(F)~~ **Interest Threshold** means a ten percent (10.0%) or greater Equity Interest, including, without limitation, as a Franchisee Equity Holder, or an Equity Holder of a Franchisee Equity Holder.

~~(E)~~(G) **Liabilities** means obligations, indebtedness, costs, damages, expenses, and liabilities, including, without limitation, attorney's fees, and court costs, whether now existing or hereafter suffered, incurred, or arising, that are due or later become due.

2. **Guarantee.** Subject to the limits set forth in Section ~~3-3~~ and excluding Co-Affiliate Liabilities, the Guarantor guarantees to the Franchisor, its successors and assigns, and agrees to pay on demand all of the Liabilities arising or that are or become due to any of the Franchisor or its parents, siblings, or affiliated entitiesAffiliates from time to time. This Guarantee shall be construed as an absolute, continuing, and unconditional guarantee of payment and performance, and not of collection. No references herein to any other agreement, instrument, or ~~documents~~document, nor any provision of any of them will affect or impair the absolute and unconditional obligation of the Guarantor hereunder. The Franchisor shall have its remedy under this guarantee without being obliged to resort first to any security or to any other remedy or remedies to enforce payment or collection of the Liabilities, and may pursue any or all ~~or any~~ of its remedies at one or at ~~different~~separate times. The Guarantor agrees and acknowledges that the Guarantee shall be transferable or assignable by the Franchisor at any time and from time to time.

3. **Limitation of Guarantee.** The Guarantor's individual guarantee of the Liabilities shall be limited to ~~3.~~ \$50,000 per occurrence or non-occurrence, as the case may be, ~~giving rise to any Liabilities~~ and a maximum of \$150,000 for all Liabilities in any calendar year, except that the foregoing limitations shall not be applicable, individually or in the aggregate, to:

(A) Liabilities arising out of, or resulting from any of:

(1) Guarantor's negligence or gross negligence, fraud, or other willful misconduct, or

~~(2) Guarantor's fraud or other willful misconduct; or~~

~~(3)~~(2) a breach of any of Sections 2.2, 2.3, ~~2.4~~ or ~~2.6~~17 of the Franchise Agreement; and

(B) Liabilities where, as a result of a breach of ~~Section~~Sections 7.1(M) or 14 of the Franchise Agreement, the Franchisor is not indemnified or covered (whether directly or as an additional insured) by an insurance policy; and

(C) amounts becoming due pursuant to Section ~~15~~15 of this Guarantee.

4. **Revocation of Guarantee Upon Termination of Affiliate Status.** Except as expressly set forth below, ~~in this Section 4,~~ this Guarantee ~~shall~~^{is} not ~~be~~ revocable by the Guarantor. The purpose of this Section is to permit ~~an Affiliate of the Franchisee~~^{the Guarantor} to revoke his or her guarantee of Liabilities arising after such ~~person is he or she~~ no longer ~~actively involved in the management or operation of the business of the Franchisee~~^{directly or indirectly holds the Interest Threshold}, while permitting ~~such person the Guarantor~~ to receive the benefits of ownership of the Franchisee ~~below the Interest Threshold~~ or to continue to provide professional services to the Franchisee as an appraiser, ~~or other professional employee~~. Therefore, provided that the Franchisee is then in compliance with its obligations to the Franchisor, the Guarantor may revoke this Guarantee solely as to Future Liabilities ~~(as defined below)~~ on and after the date when:

- (A) Guarantor holds, ~~directly and indirectly, not more less~~ than the Interest Thresholdⁱ; and
- (B) Guarantor is no longer involved in the day-to-day management and operation, and policy making aspects, of the Franchisee and no longer holds any position with the Franchisee as any of: an officerⁱ, directorⁱ, managerⁱ, or managing partnerⁱ; and
- (C) Guarantor, or the Franchisee on behalf of the Guarantor, provides written notice to the Franchisor that: (1) certifies the above and the dates when each was satisfiedⁱ; and (2) sets forth the interest of the Guarantor in the Franchisee as of the date of the notice, as calculated in accordance with Section ~~1(D)-1(F)~~ (the later of the date when all of the foregoing are fully satisfied or effective date of the written notice being the “**Revocation Date**”).

The provision of professional appraisal services to the Franchisee as an employee, without more, for wage or contractor compensation from the Franchisee shall be deemed to satisfy the provisions of Section ~~4(B)-4(B)~~. Revocation of the Guarantee in accordance with this Section ~~4-4~~ shall not affect the guarantee of the

Guarantor hereunder, *except solely for Future Liabilities*, and this Guarantee shall remain in full force and effect on and after the Revocation Date for all Liabilities that are not Future Liabilities.

5. **Modification of Liabilities.** The Guarantor consents that, without notice to or further assent by the Guarantor, the obligations of the Franchisee for the Liabilities or of any other guarantor, individually or collectively, may be renewed, extended, modified, or released by the Franchisor as it may deem advisable and that any security or securities which the Franchisor may hold may be exchanged, sold, released, or surrendered by it, as it may deem advisable without restriction or limitation, without impairing or affecting the absolute and unconditional obligations of the Guarantor hereunder.

6. **Survival Upon Payment.** To the extent the Franchisee or the Guarantor makes a payment or payments to the Franchisor, all or any portion of which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required, for any reason, to be waived, repaid or paid over to a trustee, receiver or any other party under any bankruptcy or other debtor relief laws, other state or federal law, common law or rule of equity (each being a “**Disgorged Payment**”), then the Liabilities or the part thereof that were intended to be satisfied by each such Disgorged Payment~~(s)~~ shall, to the full extent of all of such Disgorged Payment(s), Payments, automatically be revived, reinstated and continued in full force and effect as if such Disgorged Payment(s), Payments had not been made, and the Guarantor shall again be primarily liable therefore. This provision shall survive full payment and performance of the Liabilities and remain enforceable by the Franchisor.

7. **Changes in Condition of Law or Liabilities.** This Guarantee shall remain in full force and effect without regard to future changes and conditions, including change of law or any invalidity or irregularity with respect to any of the Liabilities. Any attempted revocation of this Guarantee by the Guarantor other than in accordance with Section ~~4-4~~ shall be ineffective, unless Florida law expressly provides that such the Guarantor cannot waive the right to revoke this Guarantee. If Florida Law expressly provides that any such revocation is effective notwithstanding the foregoing, then such revocation shall be effective only if made in accordance with Section ~~4(G),4(C)~~, only as to Future Liabilities and otherwise in accordance with the provisions of Section ~~4-4~~.

8. **Waiver of Defenses.** The Guarantor agrees that the guarantee given hereby ~~is a guarantee of payment and not of collection, and that Guarantors' obligations hereunder~~ shall be primary, absolute, and unconditional, irrespective of, and unaffected by, and the Guarantor irrevocably waives and agrees not to assert or take advantage of: (A) the genuineness, validity, legality, regularity, enforceability or any future amendment of, or change in, the Guarantee, the Franchise Agreement or any other agreement, document or instrument to which the Franchisee or the Guarantor, or any other guarantors of the Liabilities, is or may be a party; (B) the absence of any action to enforce any Guarantee, the Franchise Agreement, or any other agreement, document, or instrument to which the Franchisee or the Guarantor, or any other guarantors of the Liabilities, is a party; (C) any right at law, or in equity or otherwise, to require the Franchisor to institute suit or proceed against the Franchisee, or any other person, or any collateral, or to exhaust any security held by the Franchisor, or to pursue any other remedy in the Franchisor's power, before proceeding against a the Guarantor; (D) notice of the existence, creation or incurring of any new or additional indebtedness or Liabilities on the part of the Franchisee; (E) the waiver, release, surrender, discharge, indulgence, extension, modification, renewal, delay, consent, or other action, inaction or omission by the Franchisor with respect to any of the provisions hereof or thereof, or with respect to the Franchisee, any of the Liabilities, whether or not the Guarantor shall have had notice or knowledge of any of the foregoing and whether or not the Guarantor shall have consented thereto; (F) the existence, value or condition of, or failure of the Franchisor to perfect a lien against, any collateral, or any action, or the absence of any action, by the Franchisor in respect thereof (including, without limitation, the failure to enforce any lien or realize upon the collateral, or the release of any collateral); and (G) any other action or circumstance which might otherwise constitute a legal or equitable discharge or defense of a co-borrower, or a surety or guarantor.

9. **Diligence by the Guarantor.** The Guarantor is executing and delivering this Guarantee based solely upon the Guarantors' independent investigation of the Franchisee and the Franchise Agreement, and in no part upon any representation, warranty, or statement of the Franchisor with respect thereto. The Guarantor hereby knowingly accepts the full range of risk encompassed within a contract of "continuing guarantees."

10. **Time.** Time shall be of the essence for the Guarantor's performance hereunder.

11. **Entire Agreement, Modification and Waiver.** This Agreement sets forth the entire understanding of the parties concerning this subject matter and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions, or understandings, either oral or written, between them relating to the subject matter of this Agreement other than those set forth herein. No alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing

11. _____ and signed by the party to be charged. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein.

12. **Captions.** The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

13. **Applicable Law, Jurisdiction, Venue and Forum.** This Agreement shall be construed and governed under and by the laws of the State of Florida for contracts executed and to be performed in Florida. The parties hereby consent to the jurisdiction of the federal and state courts of Florida, including, without limitation, the Circuit Court for the Ninth Judicial Circuit of Florida, the United States District Court for the Middle District of Florida, and the appellate courts thereof, as the case may be, and agree that, except for third party actions, exclusive venue for any legal action authorized hereunder shall be in Orange County, Florida.

14. **Assignment.** The Franchisor's rights and obligations hereunder may be assigned, from time to time, by the Franchisor and its successors and assigns without the consent of or notice to the Guarantor.

15. **Attorneys' Fees.** In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or relates to this Guarantee, the prevailing party in such litigation, mediation, arbitration, or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses, and suit costs, including attorneys' fees, expenses and suit costs associated with any appellate proceedings and any post-judgment collection proceedings.

16. **WAIVER OF JURY TRIAL.** THE GUARANTOR KNOWINGLY AND VOLUNTARILY WAIVES ALL OF HIS OR HER RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO THIS GUARANTEE AND ALL OTHER MATTERS RELATING TO OR OTHERWISE ARISING OUT OF THE LIABILITIES.

[SIGNATURES ON THE FOLLOWING PAGE(S).
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BALANCE OF

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Page 9 of 56

Page 9 of 56

VALBRIDGE PROPERTY ADVISORS CONTINUING UNCONDITIONAL GUARANTEE.

IN WITNESS WHEREOF, the parties have hereto set their hands as of the day and year first above written.

Franchisor: Valbridge Property Advisors Franchising System, LLC

Rick Armalavage, Manager

Franchisee Name: _____

Effective Date: _____, _____, 20____.

Witness:

Sign below:

Print name below:

Guarantor:

Sign below:

Print name below:

Sign below:

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Witness:

Valbridge Property Advisors Franchisee Affiliate Guarantee

Page 10 of 6

Sign below:

Print title below:

Print name below:

Print address below:

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged SWORN TO AND SUBSCRIBED before me this _____ day of _____, 20____
by

H _____ who: ☐ is personally known to me, or ☐ who has
produced FL DL No.: _____
_____ as identification.

as identification, and who appeared before me at the time of the notarization ☐ by physical presence, or ☐
by means of audio-video communication technology.

Notary Public My Commission Expires: _____

Accepted by:

Notary Public
Valbridge Property Advisors Franchising System, LLC

Rick Armalavage, Manager

EXHIBIT C – GENERAL RELEASE

GENERAL RELEASE

This General Release (the "**Release**") is made and delivered this _____ day of _____, 20____ (the "**Effective Date**"), _____ by _____ and _____ between _____ ("the **Franchisee**"), whose address is _____ ("_____") in favor of Valbridge Property Advisors Franchising System, LLC, a Florida limited liability company (the "**Franchisor**").

BACKGROUND

BACKGROUND

The Franchisee and the Franchisor are parties to that certain franchise agreement concerning the Valbridge Property Advisors franchised business. The term of the franchise agreement is ending and the Franchisee seeks to renew his/her/its the Franchisee's franchise relationship with the Franchisor and, as a condition precedent thereto, to such renewal, the Franchisee provides this general release to Franchisor and its parent.

AGREEMENT

NOW THEREFORE, the parties agree as follows:

1. **General Release.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchisee, on behalf of itself, himself, or herself/itself, and his/her heirs, and his/her/its successors and assigns, and each of the Franchisee's affiliated persons and entities of, and their individual and collective heirs, successors, and assigns (each being a "**Franchisee**" collectively being the "**Franchisee Parties Party**"), does hereby fully and irrevocably waive, remise, release, acquit and forever discharge the Franchisor and its affiliated entities, members and managers, as well as Valbridge Property Advisors, Inc., a Florida corporation and parent to Franchisor, and the parent's their individual and collective officers, directors, other managers, shareholders, members, employees, agents, and attorneys (collectively each being the "**Franchisor Parties Party**"), of and from any and all obligations, rights, claims, demands, damages, liabilities, indemnifications, actions and causes of action, claims based on intentional torts, negligence, or strict liability, suits, debts, sums of money, accounts, policies, covenants, contracts, agreements, controversies or promises of any nature whatsoever, whether arising at law or in equity, either now accrued or hereafter maturing, whether known or unknown, which any of the Franchisee Parties had, now has or may have against any of the Franchisor Parties, for, upon or by reason of any matter, cause or thing whatsoever arising out of or based on any act or omission, as well as any fact, which has occurred or, in the case of an omission, not occurred, as of the Effective Date, including, but not limited to, all claims involving, pertaining to, or arising out of the franchise relationship and the franchise agreement between the Franchisee and the Franchisor.
2. **Survival.** The provisions of this Release shall survive the execution and delivery hereof and shall continue in full force and effect thereafter.

3. **Entire Agreement, Waiver and Modification.** This Release sets forth the entire understanding of the parties concerning the subject matter hereof and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions, or understandings, either oral or written, between the parties relating to the subject matter of this Release other than those set forth herein. No alteration, amendment, change or addition to this Release shall be binding upon any party unless in writing and signed by the party to be charged. No waiver or modification of this Release or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. Furthermore, no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, mediation, or litigation between the parties arising out of or affecting this Release or the rights or obligations of any party hereunder, unless such waiver or modification is in writing

3. _____ and duly executed as aforesaid. The provisions of this paragraph may not be waived except as herein set forth.

4. **Assignment.** Each and all of the provisions of this Release shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Franchisor and its successors and assigns may assign their individual and collective rights hereunder at any time and from time to time ~~in connection with a transfer, assignment or sale of substantially all of the business or assets of the Franchisor~~ without the consent of the Franchisee.

5. **Governing Law.** This Release shall be construed and interpreted according to the laws of the State of Florida, without regard to the conflict of law principles thereof.

6. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ALL OF THEIR INDIVIDUAL AND COLLECTIVE RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS RELEASE.

7. **Attorneys' Fees.** In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or in connection with this Release or any party asserts this Release as a defense to any action, the prevailing party in such litigation, mediation, arbitration, or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses, and costs, including those associated with any appellate proceedings or any post-judgment collection proceedings.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Agreement as of the day and year first above written.

Franchisor:

Valbridge Property Advisors Franchising
System, LLC

Franchisee:

Name of Entity (if applicable):

By:

Rick Armalavage, President

By:

Print name: of authorized person signing on behalf of the Franchisee below.

Title:

Print the title of authorized person signing on behalf of the Franchisee below.

SWORN TO AND SUBSCRIBED before me, the undersigned Notary Public, this day of , 20 , by , who ☐ is personally known to me, , or ☐ who has produced as identification, and who appeared before me at the time of the notarization ☐ by physical presence, or ☐ by means of audio-video communication technology.

~~WITNESS my hand and seal this~~ day of , 20 .

 Notary Public

EXHIBIT D - ~~MANAGER AND~~ EMPLOYEE AND CONTRACTOR RESTRICTIVE COVENANT

NOTICE

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC, AND ITS AFFILIATED PARTIES PROVIDE THIS AGREEMENT **AS-IS WHERE IS, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER.**

THE PROVISION OF THIS AGREEMENT TO FRANCHISEE IS NOT THE PROVISION OF LEGAL OR OTHER PROFESSIONAL ADVICE TO FRANCHISEE BY FRANCHISOR OR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, PARENTS, ATTORNEYS OR PROFESSIONAL ADVISORS.

FRANCHISEE IS DIRECTED AND OBLIGATED TO SECURE LEGAL AND PROFESSIONAL ADVICE FROM ITS OWN ATTORNEYS AND ~~PROFESSIONALS~~PROFESSIONAL ADVISORS TO DETERMINE WHETHER AND IF THE PROVISIONS OF THIS AGREEMENT ARE LEGAL AND ENFORCEABLE IN THE STATE(S) WHERE FRANCHISEE IS AUTHORIZED TO ENGAGE, AND ENGAGES, IN THE VALBRIDGE BUSINESS; PROVIDED THAT, NO CHANGE MAY BE MADE TO THE PROVISIONS OF ANY OF SECTIONS ~~2, 3, 7, 8, 12 OR 13~~ 4, 6, 7, 11, 12, 13 OR 14 WITHOUT THE EXPRESS WRITTEN CONSENT OF VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC, AND VALBRIDGE PROPERTY ADVISORS, INC.

EMPLOYEE-INDEPENDENT
CONTRACTOR RESTRICTIVE
COVENANT AGREEMENT AND

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Employee-Independent Restricted Party Restrictive Covenant Agreement and Intellectual Property Assignment Agreement (the "**Agreement**") is made and effective as of this ____ day of ____, 20__ (the "**Effective Date**") by and between _____, ("**Employer**"), _____ (the "**Company**"), and the following individual ("**Employee**" person identified below (the "**Restricted Party**")):

Name: _____

Address: _____

Position with the Company as of the Effective Date: _____

BACKGROUND

~~Employer employs Employee in Employer's appraisal and consulting business. Employer~~The Company is a franchisee of Valbridge Property Advisors Franchising System, LLC, a Florida limited liability company (hereinafter referred to as the "**Franchisor**"), a subsidiary of Valbridge Property Advisors, Inc., a Florida corporation (the "**Parent**"). The Franchisor and the Parent have expended time, effort, and money developing know-how, trade secrets, data, information, and relationships, including a business system and real estate data for use in and with the Franchisee's franchised appraisal and appraisal consulting business, certain components of which are secret and confidential.

~~Franchisor and Parent, have expended time, effort and money developing know-how, knowledge and a business system, as well as brand and service marks, The Company employs or engages the Restricted Party or engages another Person for the whom the Restricted Party is an Affiliate or employee in the Company's franchised appraisal and consulting business, certain components of which are secret and confidential. Employer~~ and in connection with his or her employment or engagement, the Restricted Party has access to confidential and proprietary information of the Franchisor, other franchisees and licensees of the Franchisor, the Parent, and their affiliated and sibling entities, including, but not limited to, Data Appraise Systems, LLC, and Valbridge Property Advisors Data Solutions, LLC.

Therefore, to protect such know-how, trade secrets, data, information, and relationships, the Company is required as a condition of ~~theits~~ franchise arrangement to have ~~Employer's~~the Company's employees and contractors enter this Restrictive Covenant Agreement, to protect the legitimate business interests of ~~Employer, the Company, the Franchisor and, the Parent and the confidential and proprietary information of the Valbridge Parties,~~ and the other Valbridge ~~Franchisees, including Employer~~franchisees and their related entities.

AGREEMENT

NOW THEREFORE, the parties agree as follows:

1. ~~No Franchisor or Parent Employment. Employer or Engagement.~~

1. The Restricted Party acknowledges that: (A) ~~Employee the Restricted Party~~ is employed or engaged solely by ~~Employer the Company~~ and ~~there not by any Valbridge Party (as defined below), (B) no Valbridge Party~~ is ~~no employment or other relationship between Employee and either of~~

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~~Franchisor or Parent; and (B) neither Franchisor nor Parent are~~ in any manner ~~obligated to Employee, whether~~ directly or indirectly, ~~including, without limitation, as a guarantor of Employer or otherwise; and (C) obligated to the Restricted Party, (C) the Restricted Party's access to Confidential Information is necessary to enable the Restricted Party to perform his or her duties to the Company, and~~ but for ~~Employee's~~ the Restricted Party's entry of this Agreement, ~~Employee the Restricted Party~~ would not be granted access to such Confidential Information, and ~~such access is necessary~~ (D) the Company would not continue to ~~enable Employee to render~~ employ or engage the Restricted Party ~~absent his or her duties to Employer~~ entry of this Agreement.

~~2. Restrictive Covenants.~~

~~2.12. Definitions:~~

(A) ~~Confidential Information~~ means all information that is:

- (1) ~~proprietary and confidential and owned or assertable by any: (a) Valbridge Party; (b) Valbridge Franchisee; or (c) third party where a Valbridge Party or Valbridge Franchisee is obligated by law or contract to a confidentiality or secrecy obligations, such as, for example and without limitation, information from any Customer, Former Customer or Prospective Customer; or~~

~~(2) the subject of a commercial effort by any Valbridge Party or any Valbridge Franchisee to keep secret or confidential.~~

~~Confidential Information shall include, but not be limited to: (i) information about employees and contractors, such as, for example and without limitation, identities, duties, compensation rates and methods, and capabilities; (ii) lists of, and other information pertaining to, Customers, Former Customers and Prospective Customers; (iii) business systems and methods; (iv) operations manuals; (v) trade secrets, know-how and other intellectual property that is not generally disclosed; (vi) business operating processes; (vii) non-public portions of report templates as well as template development information and components; (viii) data structures and tools utilized with data to generate information for reports; (ix) advertising and marketing strategies and plans; (x) pricing information and strategies; and (xi) financial results, statements and other related information.~~

~~(B) **Customer** means each: (1) person or entity that is presently purchasing goods or services: (a) from a Valbridge Party, franchisee or licensee based on a national contract with a Valbridge Party; or (b) from Employer as a result of a referral from a Valbridge Party, franchisee or licensee; and (2) each parent, subsidiary, sibling entity and affiliate of each person or entity meeting the definition set forth in item (1) above.~~

~~(C) **Competitor** means: (1) each person or entity that engages, in whole or in part, in any of the Valbridge Party Businesses; and (2) each parent, subsidiary, sibling entity and affiliate of each such person or entity. Competitor shall include, but not be limited to, CBRE, Integra Realty Resources, Cushman Wakefield, and Colliers.~~

~~(A) **Affiliate** means with respect to any Person (the "*Subject Party*"), any other Person:~~

- ~~(1) that directly or indirectly controls, is controlled by or is under common control with the Subject Party,~~
- ~~(2) who is an officer, manager, employee, or agent of, partner in, or trustee of, or serves in a similar capacity with respect to, the Subject Party (or any Person meeting the description set forth in clause (1) above),~~
- ~~(3) of which the Subject Party is an officer, manager, agent, partner, or trustee, or serves in a similar capacity, or~~

(4) who is a member of the Subject Party's family.

For purposes of this definition, the term "control" means the direct or indirect possession of the power to direct or cause the direction of the management or policies of the Subject Party, whether through the ownership of securities, by contract or otherwise.

(B) **Confidential Information** means all information of, about, or relating to a Valbridge Party or a Valbridge Franchisee that: (1) is secret or proprietary to the Valbridge Party or a Valbridge Franchisee or the subject of commercially reasonable efforts by a Valbridge Party or a Valbridge Franchisee to keep secret and proprietary, (2) was developed or compiled through the use of Confidential Information of a Valbridge Party or a Valbridge Franchisee, or (3) a Valbridge Party or a Valbridge Franchisee is obligated to keep secret and confidential, whether by law or contract, provided that, notwithstanding the foregoing, Confidential Information shall not include any information that is generally known or publicly available upon reasonable inspection (as long as such information did not become generally known or publicly available as a result of a breach of a duty of confidentiality to a Valbridge Party or a Valbridge Franchisee that is known or reasonably should be known to the Restricted Party), except that information shall not be disqualified as Confidential Information merely because it is included in a Valbridge Party's general disclosures, such as franchise filings or securities law disclosures.

Confidential Information shall include, but not be limited to, trade secrets, inventions, know-how, source code and object code, including the software-as-a-service platforms known as Datapraise and V-AMS, operational diagrams, processing arrangements, the Valbridge Operations Manual, operational methodologies for systems and software, data and database structures and relationships, including data on the Valbridge Database, security processes, methods and tools for undertaking data analysis, projections and evaluations, appraisals and otherwise delivering services, results of tests and analysis, product and service specifications, marketing plans, pricing, business plans and strategies, financial plans, financial results, sales forecasts, information on computer systems, such as the Valbridge Intranet communications platform, personnel information, lists of customers and prospective customers, market research data, vendor arrangements, information relating to costs or charges, employee and contractor compensation and methodologies, such other information which, if known, would be of advantage to any Person competing or doing business with a Valbridge Party, or that would be of disadvantage to a Valbridge Party, and information that any Valbridge Party is obligated to keep secret where either it is reasonably apparent that such information is required to be kept secret or a Valbridge Party or the Company notifies the Restricted Party of the status of such information.

(C) **Company Property** means all: (1) tangible and intangible records and information concerning or relating to any Valbridge System Customer or Confidential Information by whomever prepared, (2) tangible embodiments of Work Product, and (3) all electronic and other accounts and online services that the Company or a Valbridge Party makes available or provides to the Restricted Party to utilize in the rendition of services to or for the benefit of the Company or any Valbridge System Customer.

(D) **Determination Date** means (1) the date that the applicable definition is being determined if on such date ~~Employee~~the Restricted Party remains employed or engaged by the ~~Employer,~~ whether pursuant to this Agreement; or otherwise ~~Company,~~ or (2) if the Restricted Party is not then employed or engaged by the Company, the date the ~~Employee's~~Restricted Party's employment with or engagement by the ~~Employer~~Company terminated.

(E) **Former Customer** means each ~~person or entity~~Person that was a Valbridge System Customer at any time during the two (2) year period immediately preceding the Determination Date.

~~(F) **Former Employee** means any person who has been employed or engaged as an independent contractor by any Valbridge Party at any time during the two (2) years immediately preceding the Determination Date.~~

(F) **Person** means an individual, sole proprietorship, partnership, joint venture, limited liability partnership, limited liability company, trust, estate, unincorporated organization, association, corporation, institution, or other entity.

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(G) **Prospective Customer** means each ~~person or entity~~ Person for whom, at any time during the ~~two (2)~~ one (1) year period immediately preceding the Determination Date, ~~any~~ any Valbridge Party undertook ~~active or~~ or sales efforts (including, without limitation, direct mail, ~~meeting,~~ telephone solicitation, quotations and otherwise), ~~or provided a proposal or quotation~~ in an effort to have such ~~person or entity~~ Person become a Valbridge System Customer;

(G) *provided that* Prospective Customer shall not include any ~~person or entity who would otherwise meet the foregoing definition~~ Person who qualifies as such solely as a result ~~solely~~ of receiving a ~~publication of~~ general ~~circulation in which Employer advertised or a general direct mail~~ advertisement or solicitation.

- (H) **Territory** means the United States and each country outside the United States in which ~~any~~ any Valbridge Party, Valbridge System Customer, or Former Customer maintains an office for the transaction of its customary business.

- (I) **Valbridge Franchisee** means a ~~person or entity~~Person that is ~~franchisee or licensee of Franchisor~~Valbridge Franchisee at the Determination Date.
- (J) **Valbridge Party** means each of: (1) the Franchisor_i; (2) ~~the~~Parent_i; and (3) each other subsidiary ~~or sibling entity~~ of any of them existing from time to time, including, without limitation, Data Appraise Systems, LLC, a Florida limited liability company, and Valbridge Property Advisors Data Solutions, LLC, a Florida limited liability company.
- ~~(K) **Valbridge Party Businesses** means each business engaged in by a Valbridge Party, including, without limitation: (1) developing, marketing, and promoting: (a) a nationwide system of real and personal property appraisers and consultants; (b) a related franchise system, including the business systems, marketing methodologies and service and trade marks to be used in connection with the rendition of appraisal services by third party appraisers; (2) assisting its franchisees and licensees with engaging in such business; (3) marketing and selling such products and services to national accounts; (4) engaging in real and personal property appraisal and consulting on a nationwide basis; and (5) undertaking those other activities that are incidental to the foregoing developing and undertaking a nationwide property appraisal and consulting business, or any business activity substantially similar thereto.~~
- ~~(K) **Valbridge Party Employee** means any Person employed or engaged as an independent contractor by: (1) a Valbridge Party, or (2) a Valbridge Franchisee.~~
- ~~(L) **Valbridge System Customer** means each: (1) Person that is presently purchasing goods or services: (a) from: (i) a Valbridge Party or (ii) a Valbridge Franchisee based on a national contract or arrangement with a Valbridge Party, or (b) from the Company as a result of a referral from a Valbridge Party or a Valbridge Franchisee, and (2) Affiliate of each a Section 2(L)(1) Person.~~
- ~~(M) **Work Product** means all tangible or intangible works that are created, produced, or modified by the Restricted Party: (1) during or in connection with the Restricted Party's employment by or engagement with the Company, including, without limitation, all works produced by or for the benefit of the Company's customers, including any Valbridge System Customer, or any Valbridge Party, or (2) that are related to the Company's regular and customary business.~~

~~3. Legitimate Business Interests. Employee~~

~~2.2—The Restricted Party~~ acknowledges that: (A) during ~~Employee's~~the Restricted Party's employment with ~~Employer, Employee~~the Company, the Restricted Party will have access to and be provided with Confidential Information that is valuable to each of ~~Employer~~the Company, the Valbridge Parties and the other Valbridge Franchisees_i; (B) the Confidential Information is not generally known_i; and (C) each of ~~Employer~~the Company, the Valbridge Parties and the Valbridge Franchisees: ~~(1)–(1)~~ (1) have spent substantial time and money developing, acquiring and protecting the Confidential Information_i; (2) have relationships with Valbridge System Customers, Former Customers and Prospective Customers, and their individual employees, contractors, suppliers and vendors that are unique and valuable_i; and (3) are entitled to protect their individual and collective legitimate business interests in the foregoing_i; and (D) the provisions of this Restrictive Covenant are necessary and reasonable to protect the legitimate business interests of each of ~~Employer~~the Company, the Valbridge Parties and the Valbridge Franchisees_i; and (E) any violation of the provisions of this Section will result in irreparable injury, the exact amount of which will be difficult to ascertain, and the remedies at law for any such violation would not be reasonable or adequate compensation for such violation. Accordingly, ~~Employee~~the Restricted Party agrees that if the provisions of this Agreement are violated, in addition to any other remedy which may be available in equity or at law, each of ~~Employer~~the Company, the Valbridge Parties and the Valbridge Franchisees shall be

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entitled to specific performance and injunctive relief, without the necessity of proving actual damages.

2.34. Confidentiality. ~~Employee shall never:~~

- ~~(A)~~ — ~~Except as expressly permitted below in this Section 4, the Restricted Party shall not:~~ (A) disclose ~~any~~ Confidential Information;
- ~~(B)~~ — ~~(B)~~ allow any ~~person or entity~~ Person not under a written duty of confidentiality to the Franchisor to have access to ~~any~~ Confidential Information; ~~1~~ and
- ~~(C)~~ — ~~(C)~~ make any use, commercial or otherwise, of ~~any~~ Confidential Information, ~~except solely~~ provided that, notwithstanding the foregoing, the Restricted Party may use Confidential Information for, in accordance with, and as necessitated by, ~~Employee's~~

the Restricted Party's employment by or engagement with the Employer and Company
for the sole benefit of Employerthe Company or a Valbridge Party.

If, the Franchisor, and disclose Confidential Information if, and only if, Employeee the Restricted Party: (AA)
is compelled to disclose Confidential Information by legal process initiated by a third-unrelated party then,
prior to making any such disclosure, Employee shall: (AA) provide the Employer with reasonable
advance Person that is not an Affiliate of the Restricted Party, (BB) provides the Company with written
notice (in any event not less than ten (10) business days) detailing suchthe legal process and
immediately provide all information requested by Employer relating thereto; therein a reasonable time
before making any such disclosure (not less than ten (10) business days), and (BB) makeCC) makes a
bona fide good faith reasoned objection to such disclosure based on Employee's the Restricted Party's
obligations to Employer and the Valbridge Parties under this Agreement.

Non-Compete,

5. Non-Solicitation and Non-Piracy.

2.4 For the term of ~~Employee's~~ the Restricted Party's employment by ~~Employer~~ or engagement with the Company, whether under this Agreement or otherwise, and for a period of ~~two (2) years~~ one (1) year after the cancellation, termination, or expiration of ~~Employee's~~ the Restricted Party's employment or engagement with ~~Employer~~ the Company, by whatever means and for whatever reason, ~~Employee the Restricted Party~~ shall not, directly or indirectly, individually, or jointly with others, or for the benefit of ~~Employee~~ the Restricted Party or any third party:

- (A) ~~plan, organize or undertake any business activity which directly or indirectly competes with, engages in, or carries on all or any portion of the Valbridge Party Businesses, or any business activity substantially similar to any of the Valbridge Party Businesses, in the Territory;~~
- (B) ~~have any equity or other ownership interest in, or become a director or officer of any Competitor;~~
- (C) ~~be employed by, associated with, or engaged by any Competitor in any area concerning or relating to a Valbridge Party Business, in whole or in part;~~
- (D) ~~solicit, render services to, or accept business from any: (1) Competitor; or~~

~~(2)~~(A) Valbridge System Customer, Former Customer, or Prospective Customer;

(B) ~~solicit, hire, compensate, or engage as an employee, agent, contractor, advisor, or consultant, or become a co-shareholder, co-member, or joint venture~~ solicit, hire, compensate, or engage as an employee, agent, contractor, advisor, or consultant, or become a co-shareholder, co-member, or joint venture ~~with, any employee, subcontractor, or Former Employee of Employer, a Valbridge Party Employee, provided that the foregoing restriction shall terminate as concerns any Valbridge Party Employee:~~

~~(E)~~(1) six (6) months after the termination by him, her, or it of his, her, or its employment with or engagement by the applicable Valbridge Party or Valbridge Franchisee; (2) immediately upon the termination of his, her, or its employment with or engagement by the applicable Valbridge Party or Valbridge Franchisee that is initiated by such Valbridge Party or Valbridge Franchisee, whether with or without cause, and

(F) ~~otherwise cause, suggest, or facilitate the termination by any Former Employee or vendor of any of Employer, a Valbridge Party or a Valbridge Franchisee of his, his or its of, or any material negative change to, the relationship with such person or entity;~~

~~provided, that, Section 2.4(A), (C) and (D) (between: (1) shall not prevent Employee from being employed or engaged by a Competitor in the capacity of an appraiser, appraiser trainee or analyst, or as a manager of an office owned or operated by a Competitor.~~

2.5(C) Limited Exception to any Restrictive Covenants. ~~If, when, and for long as, Employee is employed by Employer, solely in connection with such employment, solely for the benefit of Employer and for so long as Employer remains a Valbridge franchisee:~~
(A) ~~Employee may utilize Confidential Information; and (B) the provisions of Section 2.2(D) and 2.4(E) shall not be applicable to the Employee.~~ Party or Valbridge Franchisee and its employees or contractors, and (2) any Valbridge Party and its vendors.

provided that, notwithstanding the foregoing, Section 5(A) shall not be applicable to activities undertaken by the Restricted Party in the discharge of his or her employment duties for, or pursuant to his, her, or its engagement with, the Company for so long as the Company is a Valbridge Franchisee.

6. Judicial Modification.

2.6 In the event a court of competent jurisdiction holds one or more of the provisions of ~~the restrictive covenants~~Sections 4 or 5 invalid as to length of time or geographic scope, then ~~this~~such Section ~~2~~ shall be amended to reflect a reasonable length of time and/or reasonable geographic scope.

7. Works for Hire and Intellectual Property.

~~3.~~ The Restricted Party: (A) acknowledges and agrees that all Work Product ~~(as defined below)~~ that so qualifies shall be deemed a work for hire. ~~Employee, and (B)~~ hereby assigns to ~~Employer~~the Company, without additional compensation, all Work Product that does not qualify as a work for hire. All right, title, and interest in and to, and the right to pursue protection for, Work Product shall vest solely with ~~Employer~~the Company or its assignees. Upon request by ~~Employer, Employee~~the Company, the Restricted Party shall use reasonable efforts, at no additional expense, to assist the ~~Employer~~Company or its assignee in securing any intellectual property protection for Work Product and shall execute all documents reasonably necessary to ~~effect~~affect an assignment as contemplated herein. No license is granted to ~~Employee~~the Restricted Party in, to or under any Work Product or other intellectual property (including, but not limited to, patents, trade secrets, copyrighted materials, and trademarks) owned or otherwise assertable by ~~Employer~~the Company, any Valbridge Party, or any Valbridge Franchisee, whether by express or implied grant, estoppel or otherwise, except for a limited right to use any such intellectual property solely in the performance of ~~Employee's employment~~the Restricted Party's duties or contractual obligations due to, and solely for the benefit of ~~Employer, the Company~~. All benefits from the use of any such intellectual property, including Work Product, shall inure solely to ~~Employer~~. **"Work Product" means all tangible or intangible works that are created, produced or modified by Employee: (A) during or in connection with Employee's employment by Employer; or (B) that are related to the Employer's regular and customary business, and shall include, without limitation, all works produced by or for the benefit of Employer's customers and any Valbridge Party**the Company and its assignees.

4.8. EmployerCompany Property. Employee agrees that all Employer~~All Company~~ Property ~~(as defined below)~~ is the property solely of ~~Employer~~the Company and ~~Employee~~the Restricted Party waives and relinquishes in favor of the Company and hereby transfers to the Company and its assignees any and all interests or property rights he or she may have therein ~~in favor of Employer. Employee shall only conduct Employer's business utilizing Employer's computer and telecommunications equipment, unless expressly authorized by Employer. Employee. The Restricted Party shall immediately return all of the Employer~~Company Property to ~~Employer~~the Company at ~~Employer's address for notices or such other~~ location as may be directed by ~~Employer~~the Company upon ~~Employer's~~the Company's request at any time, and upon the termination of ~~Employee's~~the Restricted Party's employment. **"Employer Property" includes, but is not limited to: (A) records relating to Employer's customers and Confidential Information, by whomever prepared; (B) tangible embodiments of Work Product; and (C) all electronic and other accounts and online services that Employer makes available or provides to Employee to utilize in the conduct of the business by or engagement with the Company.**

5.9. Indemnification. ~~Employee~~The Restricted Party shall hold ~~Employer, Franchisor and Parent and the Company, each of Valbridge Party, and~~ their individual and collective officers, directors, managers, members, shareholders, employees, contractors, and agents harmless from and against all claims, obligations, losses, damages, liabilities, fines, costs and expenses (including, without limitation, reasonable attorney's fees pretrial, trial and appellate) arising out of or incurred or suffered as a result of or in connection with: the Restricted Party's breach of this Agreement.

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~~(A) Employee's failure to meet his or her obligations to Employer; (B) Employee's breach of any covenant, warranty or representation set forth in this Agreement; and (C) Employee's negligent, fraudulent or illegal acts.~~

~~6.~~ **Independent Covenants.** ~~Employee~~ The Restricted Party acknowledges and agrees that the provisions of Sections ~~2, 3, 4 and 5~~ 4, 5, 8 and 9 are independent covenants and no actual or alleged

10. breach by ~~Employer~~the Company or any Valbridge Party or Valbridge Franchise of any provision of this Agreement ~~or the, any employment or other contractual relationship with the Restricted Party, or any other obligation whatsoever to the Restricted Party~~ shall be grounds for relieving ~~Employee~~the Restricted Party from his or her obligations thereunder.

~~7. **Third Party Beneficiaries.** Franchisor and Parent and their individual and collective successors and assigns (the "Third Party Beneficiaries") are and shall at all times be and remain third party beneficiaries of this Agreement, entitled to enforce same as and in the place of Employer and whether or not Employer elects to do so. This Agreement may not be terminated, amended or replaced without the written consent of the Third Party Beneficiaries.~~

11. **Third Party Beneficiaries.** EACH VALBRIDGE PARTY AND THEIR INDIVIDUAL AND COLLECTIVE SUCCESSORS AND ASSIGNS ARE AND SHALL AT ALL TIMES BE AND REMAIN A THIRD-PARTY BENEFICIARY OF THIS AGREEMENT, ENTITLED TO ENFORCE SAME AS, AND IN THE PLACE OF, THE COMPANY AND WHETHER OR NOT THE COMPANY ELECTS TO DO SO.

~~8. **Entire Agreement, Waiver and, Modification, Captions, Partial Invalidity, and Applicable Law.** This Agreement sets forth the entire understanding of the parties concerning the subject matter of this Agreement and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions, or understandings, either oral or written, between them relating to the subject matter of this Agreement other than those set forth herein. The publication, amendment, supplementation, or replacement of an employee handbook by ~~Employer~~the Company or the entry of another agreement having similar provisions shall not be deemed to alter, amend, or modify the terms and conditions of this Agreement. ~~No alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing and signed by the party to be charged and the Third Party Beneficiaries. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party and the Third Party Beneficiaries.~~NO ALTERATION, AMENDMENT, CHANGE OR ADDITION TO THIS AGREEMENT SHALL BE BINDING UPON ANY PARTY UNLESS IN WRITING AND SIGNED BY THE PARTY TO BE CHARGED AND EACH OF THE FRANCHISOR AND THE PARENT. NO PURPORTED WAIVER BY ANY PARTY OF ANY DEFAULT BY ANOTHER PARTY OF ANY TERM OR PROVISION CONTAINED HEREIN SHALL BE DEEMED TO BE A WAIVER OF SUCH TERM OR PROVISION UNLESS THE WAIVER IS IN WRITING AND SIGNED BY THE WAIVING PARTY AND EACH OF THE FRANCHISOR AND THE PARENT. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein.~~

~~9. **Captions.** The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.~~

10. **Partial Invalidity** Each term or provision of this Agreement shall be valid and independently enforceable to the fullest extent permitted by law. If any term or provision of this Agreement, or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, ~~or and~~ the application of such term or provision to any other Person or circumstance shall ~~both~~ be unaffected thereby ~~and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.~~

~~11.12. **Applicable Law.** This Agreement shall be construed and governed under and by the laws of the State of Florida for contracts executed and to be performed in Florida.~~

~~12.13. **Assignment of Contract.** ~~Employee~~The Restricted Party may not assign, transfer, or delegate the performance of his or her duties hereunder without the express prior written approval of the ~~Employer.~~Employer and the Third Party Beneficiaries ~~Company and each express third-party beneficiary~~~~

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identified herein. The Company and each express third-party beneficiary identified herein and their individual and collective successors and assigns, may, at any time and from time to time, assign their individual and collective rights and obligations under this Agreement, including, without limitation, all rights under Sections 2, 3, 4 and 5, without Employee's consent, 4, 5, 8 and 9 without notice to or the consent of the Restricted Party.

13.14. WAIVER OF JURY TRIAL. EMPLOYEETHE RESTRICTED PARTY HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ALL OF HIS OR HER RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS EMPLOYMENT AGREEMENT, THE EMPLOYMENT OF EMPLOYEE BY EMPLOYER, WHETHER PURSUANT TO THIS AGREEMENT OR OTHERWISE, ALL OTHER MATTERS RELATING THERETO, AGREEMENT AND WORK PRODUCT.

~~14.15. Survival. Sections 2 through 13 of this~~ This Agreement shall survive and continue in full force and effect after the termination, cancellation, or expiration of ~~this Agreement by whatever means for whatever reason and the termination of Employee's~~ Restricted Party's employment with, or engagement by the Company, or the engagement by Employer the Company of the Person for whom the Restricted Party is an Affiliate or employee.

[Signatures on the following page.]

[Signature page to the Employee-Independent Contractor Restrictive Covenant Agreement and
Intellectual Property Assignment]

1

IN WITNESS WHEREOF, the parties have hereto set their hands as of the day and year first above written.

Employer: _____ **Employee:** _____

Company:

Author-
ized
person
to
sign
below:

By:

Title:

Restricted Party:

Print Name (below):

Restricted Party to sign below:

Print name and title of Company authorized person below:

Print name of Restricted Party below:

If the Restricted Party is an Affiliate or employee of a Person engaged by the
Company, print the name of such Person below:

**EXHIBIT E - FORM OF AFFILIATE JOINDER AND ADOPTION OF FRANCHISE
AGREEMENT**

EQUITY HOLDER JOINDER AND ADOPTION AGREEMENT
(Adoption of Franchise Agreement by Franchisee PrincipalOwner)

This Equity Holder Joinder and Adoption Agreement (~~“Adoption”~~ the “**Agreement**”) is made and entered as of the date set forth in the ~~last~~ signature block below, by the person identified in the Informational Provisions below (the “**PrincipalEquity Holder**”) and Valbridge Property Advisors Franchising SystemsSystem, LLC, a Florida limited liability company (~~the~~ “**Franchisor**”).

Informational Provisions:

<u>PrincipalEquity Holder</u> Name*:	
<u>PrincipalEquity Holder</u> Address:	
<u>PrincipalEquity Holder</u> Designations / Qualifications and Dates Issued (e.g., MAI, SRA, CPA, Cert. Gen. Appraiser):	
Franchisee Name:	
<u>Principal'sEquity Holder's</u> Equity Interest (%):	
<u>Direct or Indirect Equity Interest</u>	
Date Equity Interest Acquired:	
<u>Principal'sEquity Holder's</u> Title with Franchisee:	

** If the Principal is not a natural person, add identity of sub-principal.*

BACKGROUND

~~Principal~~The Equity Holder holds ~~thean~~ Equity Interest ~~identified above~~(as that term is defined in the Franchise Agreement) in the Franchisee and receives benefits from the business operations of the Franchisee. ~~The Franchisee desires to enter is, or will shortly hereafter become, a party with the Franchisor to a franchise agreement (the “Franchise Agreement”) with Franchisor to enhance Franchisee’s business operations, or to continue its franchise relationship with Franchisor that benefits the Franchisee and, indirectly, the Equity Holder.~~

~~As a~~ condition ~~precedent~~ to Franchisor’s entry of the Franchise Agreement with Franchisee ~~is the agreement of~~, all of the holders of equityEquity Interests in the Franchisee are required to be bound by certain provisions of the Franchise Agreement. Therefore, ~~Principal~~the Equity Holder is entering this Agreement to become bound as set forth hereinbelow so that Franchisor with enter the Franchise Agreement with Franchisee or continue its franchise relationship with Franchisee.

AGREEMENT

NOW THEREFORE, for good and valuable consideration including Franchisor’s entry of the Franchise Agreement with Franchisee, the parties agree as follows:

- Capitalized terms not defined herein shall have the meanings set forth in the Franchise Agreement.
- PrincipalEquity Holder represents and warrants to the Franchisor that: (A) the information set forth in the Informational Provisions and Background sections above is true, correct, and complete; in all respects, and-
2. (B) to the knowledge of PrincipalEquity Holder after inquiry, the information set forth in the Informational Provisions of the Franchise Agreement is true, correct, and complete in all respects.

3. ~~Principal~~Equity Holder and his, her or its ~~equity interest~~Equity Interest in the Franchisee are bound by and subject to the terms and conditions of Sections 1, 7.1(~~(H)(2), 7.1~~), (M), (Z) (for any Work Product

3. _____ Complaint arising for or in connection with any work product generated by PrincipalEquity Holder or a Person supervised or managed by Principal), 7.1Equity Holder), and (AA), 9, 10, 16, 17, 18, 20.2, 22, 24, 26, 27, and 29 through 40 of the Franchise Agreement with the same force and effect as if PrincipalEquity Holder was originally a party thereto. PrincipalEquity Holder acknowledges that the provisions of the Franchise Agreement by which PrincipalEquity Holder is bound contain, among other provisions, significant restrictions on transfer of the Equity Interest in the Franchisee and restrictive covenants protecting Confidential Information of Franchisor and its Affiliates and prohibiting PrincipalEquity Holder from competing against the Franchisor and its Affiliates.

4. Any notice required or permitted by the Franchise Agreement to be provided to PrincipalEquity Holder shall be in accordance with Section 30 of the Franchise Agreement to Principal'sEquity Holder's address set forth in the Informational Provisions or as may be changed in accordance with Section 30 of the Franchise Agreement.

5. This Agreement shall be governed in all respects by the laws of the State of Florida without giving effect to the principles of conflicts of law thereof. This Agreement sets forth the entire understanding of the parties concerning the subject matter hereof and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions, or understandings, either oral or written, between the parties relating to the subject matter of this Agreement other than those set forth herein. No alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing and signed by the party to be charged. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein. Franchisor and its successors and assignees may assign its and their rights under this Agreement at any time and from time to time without notice to or the consent of PrincipalEquity Holder.

IN WITNESS WHEREOF, the parties have hereto set their hands as of the day and year first above written.

PrincipalEquity Holder:

Sign below:

Date: _____

Date: _____

Print name below:

~~Accepted by:~~

~~Franchisor:~~

Accepted by:
Valbridge Property Advisors Franchising ~~Systems~~System, LLC

~~Date:~~ _____

By: _____ Richard Armalavage,-
Manager

**EXHIBIT F – FORM OF DATAPPRaise SAAS SOFTWARE SERVICES AND
LICENSE AGREEMENT**

SOFTWARE SERVICES AND LICENSE AGREEMENT

This Software Services and License Agreement, including Sections 1-1 through 25 (and the definitions set forth in Section 24) and Exhibit A hereto, is entered at and as of the date (the “**Effective Date**”) when the Authorized Representative registers and accepts this Agreement or begins utilizing the Service or the Add-On Software. This Agreement is by and between Data Appraise Systems, LLC, a Florida limited liability company (“**DAS**”), and Subscriber.

1. **Datappraise Software as a Service.** DAS grants Subscriber a non-exclusive, non-transferable, limited right for its Administrators and Authorized Users for whom it pays the Fees to access and use the Service during the Term of the Agreement solely for Subscriber’s internal business purposes (including providing reports to Subscriber’s customers) for the operation and management of a real property appraisal related business at or from any location where this Agreement will govern the relationship of the parties hereto. After designation and provision of all required information by an Administrator, DAS shall provide each Authorized User with a unique identifier to access and use the Service (the “**Username**”) via the e-mail address provided by the Administrator. Only the one designated Authorized User provided with the Username shall be entitled to use such Username. Once a natural person is designated as the Authorized User with such Username, the Username may not be transferred to any other person or entity, and no other person shall be permitted to utilize such Username or to have access to the Service as, by or through such Authorized User. Subscriber shall cause each Administrator and each Authorized User to adhere to and observe all of the obligations of Subscriber hereunder. Each Administrator and Authorized User shall at all times be and remain a Subscriber Related Party and Subscriber shall immediately notify DAS when any Administrator or Authorized User is no longer a Subscriber Related Party. DAS shall provide a mechanism through the Service for each Administrator to manage Authorized Users, including, password management. DAS shall store Content on redundant computer servers accessible via the Service and in accordance with the Content Download Procedure.

2. **Add-On Software License Grant.** On the terms and conditions set forth herein and in exchange for the timely payment of amounts due DAS, DAS hereby grants Subscriber a non-exclusive, non-transferrabletransferable license (the “**License**”) for the Term to:

- (A) make one archival copy of the Add-On Software; and
- (B) make one copy of the Add-On Software for use on a Subscriber owned or leased computer that is utilized by an Administrator or an Authorized User in the undertaking of their duties and obligation for Subscriber (the “**Authorized Office Computer**”); and
- (C) permit each Administrator and each Authorized User to use one copy of the Add-On Software on an Authorized Office Computer, solely for Subscriber’s internal business purposes; and

(the rights set forth above collectively being the “**Licensed Rights**”).

Subscriber agrees and acknowledges that: (AA) the Add-On Software and the descriptions, specifications, manuals and operations guides therefore, and all intellectual property and moral rights therein or pertaining thereto, are and will remain the property solely of DAS; (BB) the Add-On Software requires third party software to operate and will integrate with and modify such third party software; and (CC) the acquisition of a license to such third party software shall be at the sole expense and the sole obligation of Subscriber. The Licensed Rights shall terminate upon the termination of this Agreement and Subscriber shall, unless subject to a bona fide litigation hold, promptly remove the Add-On Software from each Authorized Office Computer at such termination. Subscriber shall remove the Add-On Software from each Authorized Office Computer at the time such each Authorized Office Computer is no longer utilized by an Administrator or Authorized User.

3. **Content.**

3.1 **Ownership.** DAS makes no claim to any Content and, to the extent the Content is the property of Subscriber or Subscriber’s customer at the time it is uploaded to the Service, it remains and shall at all times remain so. DAS does not screen or otherwise analyze or review Content at or prior to the time it is uploaded to the Services. DAS’ sole obligation concerning the Content shall be as expressly set forth in this Agreement.

3.2 Content Download and Backup. During the Term Subscriber may, at its election from time to time, download, and DAS shall permit Subscriber through an Administrator to download copies of the Content to a third party or Subscriber owned device or backup service pursuant to the Content Download Procedure. For a period of up to sixty (60) days after the termination of this Agreement, DAS shall make the Content available to an Administrator in accordance with the Content Download Procedure. Thereafter, DAS shall have no obligation concerning the Content and, unless required by a litigation hold or other legal process to maintain the Content, shall delete the Content on or within ninety (90) days after the termination of this Agreement.

3.3 License to Content. Subscriber provides DAS with a fully paid non-terminable license to: (A) utilize the Content to: provide the Services; undertake DAS' other obligations under this Agreement; and to generate, publish and otherwise utilize aggregate anonymized information about the Service (e.g., numbers of users, etc.); and (B) make copies of the Content. The foregoing license shall end ninety (90) days after the end of the Term.

4. **Limitations on Services and Licensed Rights.**

4.1 Services. DAS shall have the right at any time, and from time to time, to:

- (A) modify or discontinue, temporarily or permanently, any feature associated with the Service, with or without notice, *except that* DAS shall: (1) provide Subscriber with not less than ninety (90) days advance written notice of any modification that materially reduces the functionality of the Service; and (2) provide Subscriber with not less than sixty (60) days advance written notice of any modification of the Content Download Procedure; and
- (B) temporarily suspend access to the Service for operational purposes, including, but not limited to, maintenance, repairs or installation of upgrades, and will provide no less than two (2) business days notice prior to any non-emergency suspension.

DAS shall endeavor to confine planned operational suspensions to minimize disruption to Subscriber.

Subscriber shall not, and shall not permit or suffer any Authorized User or Administrator to:

- (AA) access or use the Service via any automated means, including, without limitation, using any scripted, robotic or software means, except for such scripts or processes as may be provided by DAS from time to time;
- (BB) except as permitted by Section 1, 1, reproduce, duplicate, copy, sell, resell or exploit access to the Service, use of the Service, or any portion of the Service, including, but not limited to, the software coding or visual design elements;
- (CC) modify, reverse engineer, adapt or otherwise tamper with the Service or modify another website so as to falsely imply that it is associated with the Service, DAS, or any other software or service provided by DAS;
- (DD) knowingly use the Service in any manner that: (1) infringes or may infringe any third party intellectual property or moral rights; or (2) is unlawful, offensive, threatening, libelous, defamatory, pornographic, obscene or in violation of the terms of this Agreement; and
- (EE) knowingly use the Service to upload, post, host, or transmit any unsolicited bulk e-mail (e.g., spam), viruses, destructive, malicious or self-replicating computer software.

4.2 Licensed Rights. The Licensed Rights do not include the grant of any right to any Subscriber or any of its Authorized Users or Administrators to engage in any other activity relating to or concerning the Add-On Software or any part thereof, or which would otherwise infringe on any of DAS' other intellectual property or moral rights, including, but not limited to, using or copying the Add-On Software other than as expressly permitted by the Licensed Rights, sub-licensing the Add-On Software, permitting, whether or not for consideration, any other person or entity other than an Authorized User to utilize the Add-On Software; decompiling or reverse-engineering the Add-On Software, using the Add-On Software other than for the purpose set forth above, or creating derivative works of, or modifying of the Add-On Software.

5. **Ownership of Services and Add-On Software**. Ownership of the Service, the software utilized and provided by the Service, and the Add-On Software and all intellectual property and moral rights therein and pertaining thereto shall be and remain the property solely of DAS and, except for the Licensed Rights and access to the Service on the terms set forth herein, Subscriber shall not have or receive any rights or interests in any of the foregoing.

6. **Obligations Concerning Confidential Information.** Each Receiving Party shall:
- (A) not disclose, or allow any person or entity access to, the Disclosing Party's Confidential Information;
 - (B) not make any use, commercial or otherwise, of the Disclosing Party's Confidential Information;
 - (C) restrict access to the Disclosing Party's [Confidential Information](#) to the Receiving Party's officers, managers, directors, employees and independent contractors who have a bona fide need to know the Confidential Information for purposes of this Agreement;
 - (D) exercise reasonable diligence to maintain the confidential, secret or proprietary nature of all Confidential Information and to prevent its use, utilizing such security measures as may [be](#) reasonable under the circumstances, but not less than that utilized by the Receiving Party for its own Confidential Information.

Notwithstanding the foregoing, a Receiving Party may disclose Confidential Information if and only if: (AA) compelled by, and solely to the minimum extent necessary to comply with, bona fide unaffiliated third party initiated legal process (including, but not limited to, deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar legal process); and (BB) reasonable advance written notice is provided to the Disclosing Party (to the extent not prohibited by applicable law) including the relevant details of the legal process so as to enable the Disclosing Party to protect its rights in and to the subject Confidential Information. The foregoing restrictions shall not, in any event, be deemed to prevent DAS from undertaking its obligations, or exercising the rights granted to it, pursuant to this Agreement.

7. **Fees.**

7.1 Initial Fee and Annual Renewals. In consideration for access to the Service and the grant of the Licensed Rights, Subscriber shall, for each Administrator and each Authorized User, pay DAS: (A) the start-up fee on the Effective Date; and (B) the then-current annual renewal fee (the amount of such fee being determined by whether the applicable Administrator or Authorized User is an appraiser or support staff) (collectively being the "Fee"). Annual renewal Fees shall be due and payable in advance on or before each anniversary of the Effective Date during the Term at the rate then in effect. Except upon Subscriber's termination in accordance with Sections ~~8-28.2~~(B) or (C), no reduction in, or refund of, Fees shall be due in the event: (A) of a termination of this Agreement by Subscriber prior to the end of the period for which Fees have been paid; or (B) that at any time or time during the Term Subscriber has a lesser number of Authorized Users or Administrators utilizing the Service. Subscriber may add additional Authorized Users and ~~Administrator~~[Administrators](#) during any period for which Fees were previously paid by payment of the then-current start-up fee for the type of Authorized User being added.

7.2 Payment. If any amounts due DAS are paid or payable by credit card, then Subscriber and, if the cardholder is not the Subscriber, such cardholder agree that DAS may automatically charge each credit or debit card provided to DAS from time to time for amounts due DAS at the time an invoice is transmitted or made available to Subscriber. Any balance due to DAS on an invoice is due upon receipt of the invoice. Subscriber shall be deemed to have received the invoice when it was sent via e-mail to Subscriber. Payments received by DAS more than ten (10) days from when they are due shall be subject to a late fee of the greater of 5% of the amount due or \$50.00, to offset DAS' costs incurred in connection with late payments, and all amounts due and unpaid shall bear interest from the date due until paid at the lesser of 1.5% per month or the highest rate permitted by applicable law; provided that, if DAS holds a credit card or debit card for payment, no late fee or interest shall be due unless the full amount due was refused or rejected. Subscriber and, if the cardholder is not the Subscriber, such cardholder agrees that DAS may automatically charge each credit card or debit card provided to DAS from time to time for Fees and any other amounts due to DAS under this Agreement at the time such amounts become due. If any check is returned or any credit card or debit card transaction is rejected or refused for any reason, DAS may charge Subscriber a fee of \$35.00 per returned, rejected or declined transaction. If Subscriber or the card holder discovers any incorrect charges to any Credit Card or debits to any bank account, it shall be reported to DAS in writing within 60 days of the date a disputed charge first appears on the cardholder's bill or the applicable bank statement. DAS is not responsible for bank or other fees charged to the cardholder in connection with the billing hereunder.

8. **Term and Termination.**

8.1 **Term.** The term (the “**Term**”) of this Agreement shall commence on the Effective Date and continue until terminated in accordance herewith.

~~8.2~~ **Termination.** Either party may terminate this Agreement: (A) without cause on not less than ninety ~~8.2~~ (90) days written notice prior to any anniversary of the Effective Date; (B) in accordance with Section 14(B); or (C) for cause, on thirty (30) days written notice to the other party setting forth the ‘for cause’ basis, including, without limitation, Subscriber’s failure to timely pay amounts due to DAS; *provided that* no ‘for cause’ termination shall occur if the notice was the first for the particular ‘for cause’ basis and the other party cures such basis within the notice period.

8.3 **Effect of Termination.** Upon a termination of this Agreement for any reason whatsoever, Subscriber shall: (A) immediately cease using the Service and exercising the Licensed Rights; (B) immediately remove all copies of the Add-On Software from all computers on which it was installed and destroy all archival copies thereof; (C) promptly return to DAS or destroy all tangible embodiments of the Add-On Software; and (D) on or within 30 days download Subscriber’s Content in accordance with the Content Download Policy. If Subscriber elects to destroy tangible embodiments of the Add-On Software, it shall certify to DAS, in a form acceptable to DAS, such destruction. No termination shall affect the rights of DAS or Subscriber arising prior thereto.

9. **WARRANTIES.** EXCEPT FOR THE EXPRESS WARRANTIES SPECIFICALLY SET FORTH HEREINBELOW, DAS MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED CONCERNING OR RELATING TO ANY OF THE SERVICE OR THE ADD-ON SOFTWARE, THE EXERCISE OF THE LICENSED RIGHTS OR THE RESULTS OF THE USE OF ANY OF THE SERVICE OR THE ADD-ON SOFTWARE, INCLUDING, BUT NOT LIMITED TO: (A) NO WARRANTIES OF MERCHANTABILITY; (B) NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (C) NO WARRANTY CONCERNING INTELLECTUAL PROPERTY RIGHTS. THE ADD-ON SOFTWARE ~~IN IS,~~ PROVIDED WHERE-IS, AS-IS. DAS ONLY WARRANTS THAT IT: (AA) OWNS THE COPYRIGHT ~~INTO,~~ OR HAS THE RIGHTS TO GRANT SUBSCRIBER THE LICENSE SET FORTH HEREIN TO, THE ADD-ON SOFTWARE; AND (BB) CAN PROVIDE SUBSCRIBER THE ACCESS TO THE SERVICE.

10. **Improvements and Suggestions by any Customer.** All right, title and interest in and to, and the right to pursue protection for, improvements, enhancements and modifications to any of the Service or the Add-On Software or their individual or collective use or applicability that are suggested or made by any Customer (being “**Improvements**”) shall vest solely with DAS, and Customer agrees to assign, and does hereby assign, all such Improvements to DAS. No license is granted to any Customer in, to or under any Improvements or other intellectual property or moral right owned or otherwise assertable by DAS by express or implied grant, estoppel or otherwise, except solely when and if incorporated into a future revision of the Add-On Software or the Service. All benefits from the use of any such Improvements shall inure solely to DAS.

11. **LIMITATION OF LIABILITY.** NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF BUSINESS OR OTHER ECONOMIC DAMAGE, OR INJURY TO PROPERTY. IN ADDITION, IN NO EVENT SHALL THE DAMAGES PAYABLE BY DAS TO SUBSCRIBER OR ANY PERSON OR ENTITY CLAIMING THROUGH SUBSCRIBER EXCEED THE FEES PAID BY SUBSCRIBER TO DAS IN THE PRIOR 12 CALENDAR MONTHS. EACH PARTY ACKNOWLEDGES THAT:

- (A) THIS SECTION REFLECTS AN INFORMED, VOLUNTARY ALLOCATION OF THE RISKS (KNOWN AND UNKNOWN) THAT MAY EXIST IN CONNECTION WITH THE ARRANGEMENTS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE USE OF THE SERVICE, STORAGE AND DISSEMINATION OF THE CONTENT AND THE EXERCISE OF THE LICENSED RIGHTS; AND
- (B) SUCH VOLUNTARY RISK ALLOCATION WAS A MATERIAL PART OF THE BARGAIN BETWEEN THE PARTIES; AND
- (C) THE ECONOMIC AND OTHER TERMS OF THIS AGREEMENT WERE NEGOTIATED AND AGREED TO BY THE PARTIES IN RELIANCE ON SUCH VOLUNTARY RISK ALLOCATION.

12. **Indemnification.** DAS shall hold Subscriber and its officers, directors, managers, employees, contractors and agents, collectively and individually, harmless from any claims, obligations, losses, damages, liabilities, fines, costs and expenses (including, without limitation, reasonable attorney's fees pretrial, trial and appellate) (collectively "**Losses**") arising out of or incurred as a result of or in connection with DAS' material breach of this Agreement; excluding therefrom all Losses arising from Subscriber's or its employees or contractors' material breach of this Agreement. Subscriber shall hold DAS and its officers, directors, managers, employees, contractors and agents, collectively and individually, harmless from any Losses arising out of or incurred as a result of or in connection with: (A) Subscriber's or its employees or contractors' material breach of this Agreement; or (B) a third party claim based on Subscriber's: (1) use of the Services; or (2) Content; excluding therefrom all Losses arising from DAS' material breach of this Agreement.

13. **Entire Agreement, Waiver and Modification.** This Agreement sets forth the entire understanding of the parties concerning the subject matter of this Agreement and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions or understandings, either oral or written, between them relating to the subject matter of this Agreement other than those set forth herein. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein. No alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing and signed by the party to be charged except as set forth in Section 14.

14. **DAS Amendment by Notice.** DAS may at any time and from time to time amend this Agreement by providing not less than sixty (60) days advance notice (the "**Amendment Notice**") to Subscriber setting forth the substance of such amendment. If Subscriber determines the amendment to be unacceptable to Subscriber, Subscriber shall provide written notice to DAS within thirty (30) days of the Amendment Notice. If no timely objection to the Amendment Notice is provided by Subscriber, the amendment shall be effective as of the date set forth in the Amendment Notice and any Customer's use of any of the Service or the Add-On Software on or after such date shall confirm acceptance of such amendment. If a timely objection to the Amendment Notice is provided by Subscriber: (A) DAS may elect by written notice to Subscriber on or within thirty (30) days of Subscriber's timely objection to withdraw the amendment as concerns Subscriber; or (B) if DAS does not timely provide a notice of withdrawal of the amendment to Subscriber, then Subscriber may terminate this Agreement upon thirty (30) days written notice to DAS.

15. **Successors and Assignment.** All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and, except as otherwise specifically provided in this Agreement, their respective permitted successors and assigns. No Customer may assign or delegate its, his or her, rights or obligations under this Agreement. DAS may assign and delegate its rights and obligations under this Agreement without notice to any Customer at any time and from time to time in connection with its business operations including the Service or the Add-On Software.

16. **Notices.** Any consent, waiver, notice, demand, request or other instrument required or permitted to be given and effective under this Agreement shall be in writing and deemed to have been properly given upon: (A) actual delivery if hand delivered; (B) the next business day after: (1) transmission by overnight express courier service (e.g., Federal Express), freight prepaid to the address for such party set forth herein; or (2) in the case of a notice provided by DAS, being: (a) sent to the e-mail address for the Subscriber set forth in the records for the Service; and (b) posted to the Service website; (C) the next business day after transmission by facsimile (with receipt showing successful transmission) to the facsimile number for such party set forth in the records for the Service; or (D) three (3) business days after being sent by certified United States mail, return receipt requested, postage prepaid, to the address for such party set forth in the records for the Service. Either party may change its address or facsimile number for notices by changing it on the records for the Service.

17. **Captions.** The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

~~18.~~ **Partial Invalidity.** If any term or provisions of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable, the remainder of this Agreement, or the

18. application of such term or provision to persons or circumstances, other than those as to which it is held invalid, shall both be unaffected thereby and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. **Applicable Law and Venue and Forum.** The provisions of this Section are a material part of the agreement of the parties. But for the provisions of the Section, DAS would not enter this Agreement, grant the Licensed Rights, or provide any Customer with access to the Service. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED UNDER AND BY THE LAWS OF THE STATE OF FLORIDA FOR CONTRACTS EXECUTED AND TO BE PERFORMED IN FLORIDA. EXCLUSIVE VENUE FOR ANY LEGAL ACTION AUTHORIZED HEREUNDER OR RELATING HERETO SHALL BE IN ORANGE COUNTY, FLORIDA.

20. **Third Party Beneficiaries.** There are no intended, express or implied third party beneficiaries to this Agreement.

21. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ALL OF THEIR INDIVIDUAL AND COLLECTIVE RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS AGREEMENT AND THE PRODUCTS.

22. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same Agreement.

23. **Attorneys' Fees.** In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or relates to this Agreement, the Service or the Add-On Software, the Prevailing Party in such litigation, mediation, arbitration or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses and suit costs, including any associated with any appellate proceedings and any post-judgment collection proceedings.

24. **Definitions.**

24.1 **Add-On Software** means the machine-readable executable code for the Microsoft Office® Word® and Excel® data integration software version offered and licensed by DAS as of the Effective Date, and each revision or replacement thereof provided or made available, from time to time, by DAS.

24.2 **Administrator** means: (A) the Authorized Representative, initially; and, thereafter: (B) each natural person that ~~that~~ is a Subscriber Related Party and designated by the Subscriber from time to time and identified to DAS through the Service as having the authority to designate one or more Authorized Users or other Administrators and for whom the Subscriber pays a Fee for access to the Service. Each Subscriber shall at all times maintain at least one Administrator.

24.3 **Agreement** means this entire Software Services and License Agreement (Sections ~~1-1~~ through 25), as may be amended from time to time in accordance herewith.

24.4 **Appraiser** means an employee or contractor of the Subscriber who: (1) holds a license, certification, designation, or other approval, authorization or permit that is necessary in the applicable jurisdiction for such individual to legally appraise real property; (2) is a Licensee Trainee in accordance with applicable law, rule or statute; or (3) holds themselves out to the public as being, or undertakes the work typically performed by, an appraiser.

24.5 **Authorized Representative** means the natural person who first initiates utilization of the Service or the Add-On Software on behalf of the Subscriber.

24.6 **Authorized User** means one natural person that is provided with access to the Service by a Subscriber or an Administrator and for whom the Subscriber pays a Fee for such access.

24.7 **Confidential Information** means:

- (A) generally all confidential or proprietary information of, about, or relating to:
 - (1) Content; or
 - (2) Personally identifiable information of, about or pertaining to any Authorized User; or
 - (3) DAS or Subscriber, or, as concerns each of DAS and Subscriber, its business, customers, relationships or properties; or

(B) all information provided by any client of Subscriber or of DAS other than Subscriber

and shall include, to the extent each so qualifies: know how, trade secrets; source code; object code; customer lists; methods of operation and development; customer data; lists of potential customers; market research data; information relating to the cost or charges for products or services; and employee and contractor compensation;

provided, that,

“Confidential Information” shall not, in any event, include any information that becomes generally known or publicly available upon reasonable inspection other than information that became generally known or publicly available as a result of a breach of an obligation of confidentiality to any ~~of~~ Seller or the Company.

24.8 **Content** means any information uploaded or posted to the Service by an Authorized User or Administrator, including, without limitation, information about Subscriber, Administrators and Authorized Users.

24.9 **Content Download Procedure** means the procedure attached hereto as Exhibit A, as may be modified by DAS from time to time, on not less than sixty (60) days written notice.

24.10 **Customer** means, individually and collectively, as the context requires, Subscriber and each Administrator and each Authorized User.

24.11 **Disclosing Party** means: (A) DAS where the Confidential Information is owned or assertable by DAS; or (B) Subscriber where the Confidential [Information](#) is owned or assertable by Subscriber.

24.12 **Prevailing Party** means, generally, the party in any litigation, mediation, arbitration or other controversy (each being a “*Dispute*”) that prevails on substantially the majority of the issues in the Dispute; provided that, if one party provides an offer of judgment or settlement in any Dispute and the outcome of the Dispute is not ~~material~~[materially](#) different than such offer, the party making the offer shall be the Prevailing Party in such Dispute. For purposes of this definition, materially different shall include, in the case of money damages, the outcome of the Dispute provides for damages in excess of 115% of such offer.

24.13 **Receiving Party** means: (A) DAS where the applicable Confidential Information is owned or assertable by Subscriber; or (B) each Customer in the case of where the applicable Confidential Information is owned or assertable by DAS.

24.14 **Service** means the services provided from time to time by DAS through its *Datappraise Software-as-a-Service* offering, including, as of the Effective Date, utilization of that certain DAS owned software that provides real estate appraisal data and related business management capabilities via the Internet.

24.15 **Subscriber** means the person or entity identified by the Authorized Representative as for the person or entity whom the Services are purchased; *provided that*, if the Authorized Representative does not have the authority, whether implied or in fact, to enter this Agreement on behalf of such person or entity, and such person or entity does not otherwise adopt this Agreement through the utilization of either the Services or the Add-On Software or otherwise, then the Authorized Representative shall be the Subscriber (as the indemnifying party) and shall indemnify DAS (as the indemnified party) in accordance with Section [12-12](#) as a result of such failure of authority.

24.16 **Subscriber Related Party** means an employee, officer, manager, partner or principal of Subscriber or an independent contractor currently engaged by Subscriber to perform appraisal related services or support or manage those engaged to perform appraisal related services.

24.17 **Security Emergency** means a violation by Subscriber of this Agreement that (A) could disrupt any of: (1) DAS’ provision of the Service; (2) the business of other subscribers to the Service; or (3) the network or servers used to provide the Service; or (B) provides unauthorized third party access to the Service.

25. **Survival.** Sections [7-7](#) through [24-24](#) shall survive the termination, cancellation or expiration of this Agreement by whatever means for whatever reason.

-----[End of Software Services and License Agreement]-----

Exhibit A

Content Download Procedure

This document describes the process for downloading the Subscriber's data from the Datapraise Software-as-a-Service. Unless defined below, the terms used in this Procedure are defined in the Software Services and License Agreement between the Subscriber and Data Appraise Systems, LLC. Subscriber's data (the "Data") is available to Subscriber from the Service in "SQL" format. The Data is updated for each day's activities of Subscriber's Authorized Users after normal business hours on that day (Pacific Time). Therefore, the Data available to Subscriber on any particular day does not include the activities of Subscriber's Authorized Users for that day.

To download a copy of the Data, you will need:

- 1.) FTP (File Transfer Protocol) software;
- 2.) A UserName; and
- 3.) A Password.

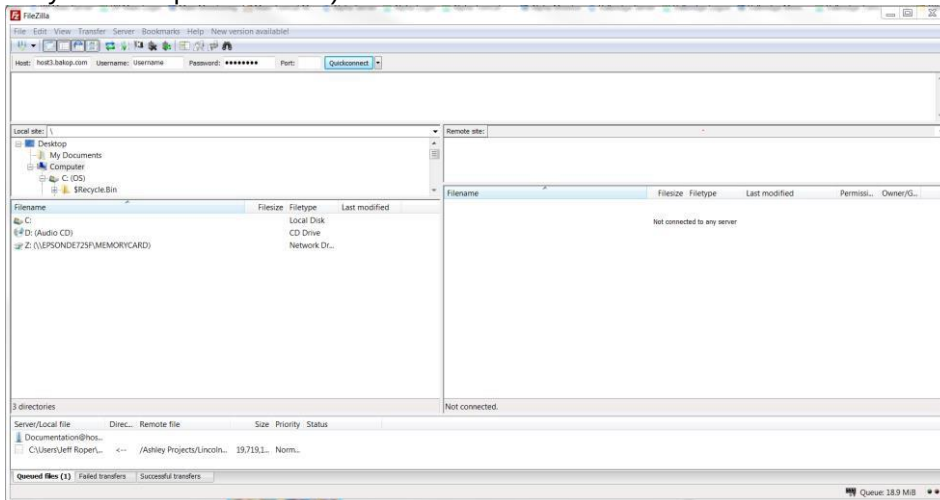
Many types of FTP software are available online free of charge. Datapraise suggests FileZilla, a free FTP software that can be downloaded at <https://filezilla-project.org/> (you will want to download the client version of the software). Other FTP software will work with the Service, but the screen may vary from the pictures below.

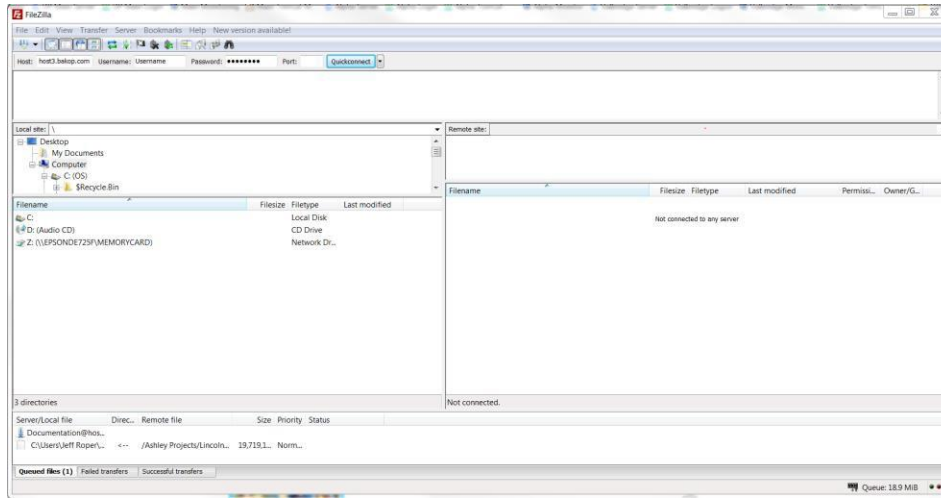
You can secure the Subscriber's FTP UserID and Password from Datapraise by sending an e-mail to support@datapraise.com from an e-mail address associated with Subscriber, or calling Datapraise Technical Support at 888-519-9433 and selecting option 2.

Once you have the above information, using the FTP software, enter the data as shown below.

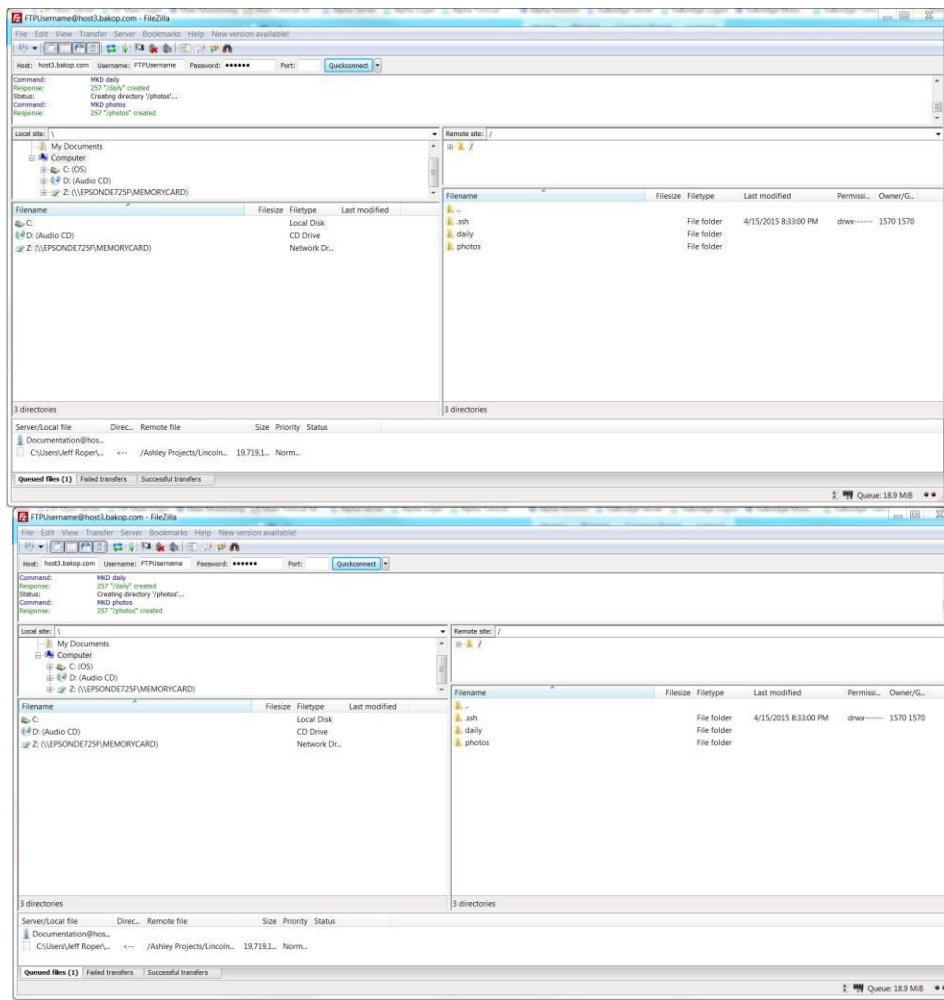
Host: host3.bakop.com
Username: (enter ~~user-~~
~~name~~username here) Password:
(enter password here)
Port: Leave blank

You should see the following (again, if you're using FTP software other than FileZilla, the screen may vary from the picture below):





Login using Username and Password provided by Datappraise. Leave the “Port” blank. Once you’ve logged into the FTP server you should see the following:



Then, select the folder entitled “Daily Folder” and, holding the left mouse button down, drag it to the appropriate destination folder on your computer or Subscriber’s server. The length of time it takes to transfer the files will depend on the amount of data in the folder and the speed of your Internet connection. Large amounts of data on a slow Internet connection will take quite some time.

Next, select the folder entitled “Photos Folder” and, holding the left mouse button down, drag it to the appropriate destination folder on your computer or Subscriber’s server.

Once all of the files have been downloaded to your computer or server you will have a full copy of the Subscriber’s Content.

A qualified information technology professional may be able to set up a script to complete automatic periodic downloads of Subscriber’s Content. Datapraise does not currently support such a feature.

If you have any questions, please send an e-mail to support@datapraise.com from an e-mail address associated with Subscriber, or call Datapraise Technical Support at 888-519-9433 and select option 2.

EXHIBIT G – FORM OF DATABASE ACCESS AND LICENSE AGREEMENT

DATABASE ACCESS AND LICENSE AGREEMENT

This Database Access and License Agreement (the “**Agreement**”) is entered [into](#) as of the Effective Date set forth below, by and among Valbridge Property Advisors Data Solutions, LLC, a Florida limited liability company (“**Data Solutions**”), Data Appraise Systems, LLC, a Florida limited liability company (“**Data Appraise**”), and the Subscriber identified below.

Effective Date: _____

Subscriber: _____

Address: _____

BACKGROUND

Subscriber is:

- (1) a Valbridge franchisee or licensee pursuant to a franchise agreement or license agreement (the “**Franchise Agreement**”) with Valbridge Property Advisors Franchising System, LLC (“**Franchisor**”); and
- (2) a subscriber of the SaaS software-as-a-service (the “**SaaS**”) pursuant to a Services and License Agreement (the “**SaaS Agreement**”) with Data Appraise.

Franchisor, Data Solutions and Data Appraise are sibling companies that are wholly owned by Valbridge Property Advisors, Inc. (“**Valbridge**”). Data Solutions owns and licenses third-party real estate related data that is useful in the conduct of, among other businesses, a real estate appraisal practice. It holds and organizes that data in a database (the “**Database**”) that is accessible via the SaaS.

Subscriber owns and operates a real estate appraisal practice and, in connection therewith, uses the SaaS to store comparable [data](#) and other data and information, and to access that information, including, using the SaaS to select data and prepare client reports in connection with its real estate appraisal business.

The parties are entering this Agreement to: (1) provide Subscriber with access to the Database; and (2) license Subscriber’s data to Data Solutions, both on and in accordance with the terms and conditions of this Agreement.

AGREEMENT

1. **Definitions.**

1.1 **Authorized User** means an Authorized User under the SaaS Agreement.

1.2 **AMC Services** means to oversee and administer a network or panel of more than 15 certified or licensed appraisers in any single state or 25 or more certified or licensed appraisers nationally in connection with valuing properties, collateralizing mortgage loans or mortgages incorporated into a securitization for the benefit or at the direction of an AMC User, where: (1) the provider of the AMC Services utilizes criteria determined by the

~~AMC User or applicable laws, rules or regulations, such as, if applicable, FIRREA, to~~

AMC User or applicable laws, rules or regulations, such as, if applicable, FIRREA, to determine the qualifications of the appraisers eligible to be a panel member; and (2) if included, an Appraisal Review conducted by or for the provider of the AMC Services is undertaken to ascertain compliance with applicable laws, rules or regulations. AMC Services *may* include: (i) recruiting, selecting and retaining appraisers; (ii) contracting with licensed and certified appraisers to perform appraisal assignments; (iii) managing the process of having an appraisal performed, including providing administrative duties such as receiving appraisal orders and appraisal reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed; or (iv) reviewing and verifying the work of appraisers. Typically, though not in all cases, providers of AMC Services are required to register with applicable regulatory authorities.

1.3 **AMC User** means any of: (1) a creditor of a consumer credit transaction secured by a consumer's principal dwelling; (2) an underwriter of, or other principal in, the secondary mortgage markets; (3) a Person monitoring one or more portfolios of loans or mortgage-backed securities.

1.4 **Appraisal** means the act or process of developing an opinion of value.

1.5 **Appraisal Consulting** means the act or process of developing an analysis, recommendation or opinion to solve a problem where an opinion of value is a material component of the analysis, recommendation or opinion.

1.6 **Appraisal Review** means the act or process of developing and communicating an opinion about the quality of another appraiser's Appraisal, Appraisal Consulting or Appraisal Review, including, without limitation, for a provider of AMC Services; provided that, an examination of an appraisal for grammatical, typographical, or other similar errors that does not review or make any substantive changes concerning the professional work of an appraiser does not constitute an Appraisal Review.

1.7 **Appraiser Panel** means a network of licensed or certified appraisers who perform appraisal services as independent contractors for an appraisal management company.

1.8 **Business** means undertaking any of the following: (A) Appraisal; (B) Appraisal Consulting; (C) Appraisal Review; or (D) providing expert consulting or testimony concerning any Appraisal, Appraisal Consulting or Appraisal Review. Business does not include analyzing data or utilizing data for research or to develop tools and methodologies, whether or not the results of such activities have any use in the Business.

1.9 **Confidential Information** means:

- (A) all confidential or proprietary information of, about, or relating to:
 - (1) those portions of the Data designated as: (a) Confidential Information in the current form of the Data Utilization Profile, on the Database, or via a message provided through the SaaS; or (b) for each subject record, information about, of, ~~about~~ or pertaining to: (i) the client of a subject record; (ii) the fee for the appraisal of the subject record; and (iii) all sales, leasing and expense information;
 - (2) personally identifiable information contained in, or disclosed in connection with access to, or the utilization of, the Data (e.g., property owner or tenant names, client names); or

- (3) the Disclosing Party and its business, employees, contractors, customers, relationships or properties that is not generally known and the subject of efforts by the Disclosing Party to keep confidential; or

- (B) all information provided by any customer of Data Solutions other than Subscriber that Data Solutions is obligated to keep confidential.

Without limiting the generality of the foregoing, “*Confidential Information*” shall include, to the extent in each instance, the information which so qualifies: know how; trade secrets; source code; data structures; reporting and data analysis techniques not generally used by appraisers; customer lists and information; methods of operation; lists of potential customers; market research data; information relating to the cost or charges for products or services; and employee and contractor compensation.

“*Confidential Information*” shall not, in any event, include: (AA) any information that becomes generally known or publicly available upon reasonable inspection other than information that became generally known or publicly available as a result of a breach of an obligation of confidentiality to the Disclosing Party; and (BB) those portions of the Data and the Subscriber Data that do not meet the descriptions set forth in Section ~~1.9(A)(1)~~ 1.9(A)(1) or (2).

1.10 **Data** means all data and information acquired by, and licensed to, Data Solutions, that Data Solutions makes available from time to time to Subscriber, excluding Subscriber Data.

1.11 **Database** means the collection of the Data accessible via the SaaS.

1.12 **Disclosing Party** means: (A) Data Appraise where the Confidential Information is owned or assertable by Data Appraise; (B) Data Solutions where the Confidential Information is owned or assertable by Data Solutions; or (C) the Subscriber where the Confidential Information is owned or assertable by Subscriber.

1.13 **Data Utilization Profile** means the data utilization profile document that sets forth, without limitation: (A) the information in the Data that is Confidential Information; and (B) any limitations or restrictions concerning utilization of all or any part of the Data. The Data Utilization Profile is attached hereto and may be revised, amended, supplemented and replaced, from time to time, by Data Solutions upon fifteen (15) days’ notice to Subscriber.

1.14 **Derivative Data** means all derivative works of the Data and all revised, modified, replaced and supplemented versions of the Data, whether arising pursuant to the exercise of the Section ~~1.18(D)~~ 1.18(D) portion of the Licensed Rights or otherwise.

1.15 **Franchisee** means a franchisee or licensee of Franchisor.

1.16 **Independent Contractor** means a non-employee currently engaged by Subscriber as, and licensed or otherwise qualified to be, an appraiser.

1.17 **Internal Business Purposes** means: (A) engaging in the Business as a franchisee of Franchisor; and (B) preparing geographic property trends marketing information to market Subscriber’s franchised business strictly in accordance with the Franchise Agreement, and where the Data is utilized only in the aggregate. Without limiting the specificity of the foregoing, *Internal Business Purpose shall not, under any circumstances include* reselling, licensing or sharing Data, in whole or in part, or granting

or permitting any Person that is not an Authorized User to have access to or to access the Data or the Database, whether for consideration or not, and whether or not Data is incorporated into, or provided or made available with, Subscriber Data.

1.18 Licensed Rights means undertaking all or any of the following activities:

- (A) accessing the Database utilizing the SaaS in accordance with the SaaS Agreement; and
- (B) downloading via the SaaS, and making one copy of, those records or other portions of Data that Subscriber, via its Authorized User, requires to conduct an appraisal or undertake another activity that constitutes an Internal Business Purpose of the Subscriber; and
- (C) using as comparables and for other data, those records or other portions of Data that Subscriber, via its Authorized User, requires to conduct an appraisal or undertake another activity that constitutes an Internal Business Purpose of the Subscriber; and
- (D) modifying portions of a record that is part of the Data from time to time:
 - (1) to:
 - (a) correct typographical errors and spelling mistakes;
 - (b) add additional photographs and information;
 - (c) add relevant source documents in PDF format; or
 - (d) update the status of a pending transaction from pending to closed; or
 - (2) if the record is not marked 'verified', to complete the record and mark it verified; or
 - (3) if notice thereof is provided to the Originator through e-mail correspondence or the SaaS at or before the time of the revision, revise the sale price of a property based on updated third-party information (e.g., recorded deed); or
 - (4) if permission is secured from the Originator prior to the revision and a note is made to the confidential remarks portion of the record stating the date permission was received and who it was received from:
 - (a) revise the adjustments to the sale price of a property based on updated third-party information;
 - (b) change income or expense information for a property; or
 - (c) change the primary photo of a property.

1.19 Originator means the Person identified on a record as having originally contributing that record to the Database.

1.20 Person means an individual, sole proprietorship, partnership, joint venture, limited liability company, limited liability partnership, trust, estate, unincorporated organization, association, corporation, institution or other entity.

1.21 **Prevailing Party** means, generally, the party in any litigation, mediation, arbitration or other controversy (each being a “*Dispute*”) that prevails on substantially the majority of the issues in the Dispute; provided that, if one party provides an offer of judgment or settlement in any Dispute and the outcome of the Dispute is not ~~material~~materially different ~~than~~than such offer, the party making the offer shall be the Prevailing Party in such Dispute. For purposes of this definition, materially different shall include, in the case of money damages, the outcome of the Dispute provides for damages in excess of 110% of such offer.

1.22 **Receiving Party** means: (A) Data Solutions where the applicable Confidential Information is owned or assertable by Subscriber; or (B) Subscriber and each of its Authorized Users where the applicable Confidential Information is owned or assertable by either or both ~~of~~ Data Solutions or Data Appraise.

1.23 **SD License** means the rights granted in Section 3.2 of this Agreement.

1.24 **Subscriber Data** means the data and information maintained, amended, revised and supplemented, from time to time on the SaaS.

1.25 **Subscriber Related Party** means: (A) an employee, officer, manager, partner or principal of Subscriber; or (B) solely the performance of appraisal related services for Subscriber, an Independent Contractor who has executed and delivered to Data Solutions the Subscriber IC Access Agreement in the form attached hereto as Exhibit A, and who requires access to the Database to render appraisal services for Subscriber.

1.26 **Security Emergency** means a violation by Subscriber or any Authorized User of this Agreement that could reasonably be expected to: (A) disrupt any of the Database or the network or servers used to provide access to the Database; (B) corrupt any of the Data; or (C) enable unauthorized third-party access to the Database.

1.27 **Third Party Data** means all data and information that: (A) Subscriber did not individually create; and (B) was received from a third-party database where terms of use or license prohibit the granting of the SD License. Third Party Data shall include, by way of example and without limitation, data secured by Subscriber from commercially available databases provided by CoStar, Real Property Analytics, and REIS.

1.28 **Username** means the username granted to an Authorized User pursuant to the SaaS Agreement.

2. **Grant of License to Subscriber.** Data Solutions grants Subscriber a non-exclusive, non-transferable, limited right during the Term of the Agreement for Subscriber to permit its Authorized Users to undertake the Licensed Rights for the benefit of Subscriber, strictly in accordance with the Data Utilization Profile and solely for Subscriber’s Internal Business Purposes.

3. **Subscriber Data License Grants.** The provisions of this Section ~~33~~ shall be deemed to supplement, but not modify or replace, the terms and conditions of the SaaS Agreement.

3.1 Data Appraise License Grant. Subscriber grants Data Appraise and its successors and assigns the right, from time to time during the Term, to:

- (A) make or have made copies and derivative works of, and modify, supplement or amend the Subscriber Data, in whole or in part, including, for Data Solutions, its customers or sublicensees

- (B) delete and remove all or any portion of the Subscriber Data that Data Solutions has determined, in its sole and absolute discretion, should be deleted or removed, including, without limitation, pursuant to DCMA 512 or other applicable intellectual property or moral rights laws; and
- (C) add the Subscriber Data and each derivative work, modification or supplement thereof, or amendment thereto, in whole or in part, to the Data; and
- (D) use the Subscriber Data and each derivative work, modification, and supplement thereof, and amendment thereto, for purposes of conducting the Data Solutions business and that of its licensees, sublicensee and their sublicensees, and their individual and collective successors and assigns; and
- (E) grant one or more third parties who are subscribers of Data Solutions the right to exercise the rights set forth in this Section ~~3.1(A)~~ 3.1(A) through (D).

3.2 Data Solutions License Grant. Subscriber grants Data Solutions and its successors and assigns a fully paid non-terminable license (such license continuing after the Term of this Agreement) to:

- (A) make and have made:
 - (1) copies of the Subscriber Data, in whole or in part; and
 - (2) derivative works and modifications of, and supplements to, the Subscriber Data, including, but not limited to, combining all or any part of the Subscriber Data with third party or other data that Data Solutions owns, licenses or otherwise has the right to utilize in some manner; and
- (B) utilize the Subscriber Data for Data Solutions' business activities in all respects, including, but not limited to, operating the Database and making the Subscriber Data (once it is incorporated into the Database) available to other Persons via the Database;
- (C) grant other Persons the right to access, copy, use and make derivative works of the Subscriber Data, whether alone or in combination with third party data;
- (D) undertake any and all other activities that Subscriber is entitled to undertake as the owner of the Subscriber Data, including, without limitation: (1) sublicensing the rights granted to Data Solutions pursuant to this Agreement; and (2) granting other Persons the right to sublicense the rights granted Data Solutions pursuant to this Agreement; *provided that*, for purposes of Section ~~3.2(D)~~ 3.2(D) the Subscriber Data shall be combined with data of one or more other Franchisees or Persons.

Notwithstanding the foregoing, Data Solutions shall not license, sublicense or otherwise grant any Person that is not an affiliate of Valbridge the right to utilize Subscriber Data, whether alone or in combination with any other data licensed from other Franchisees: (AA) to provide or make available a database that is or will be accessible to any Person who is not a Franchisee for or in connection with such Person engaging in all or any part of

[of](#) the Business; or (BB) where such Person: (1) is not a Franchisee; and (2) has the right [to](#) utilize the Subscriber Data for the conduct of all or any part of the Business.

3.3 **Subscriber Data.** As between Data Solutions and Subscriber, Subscriber shall continue to own the Subscriber Data throughout and after the Term and the Licensed Rights shall not apply to the Subscriber Data. The arrangements between Subscriber and each of Franchisor, Valbridge and Data Appraise shall be governed by the agreements by and between each of them without regard to this Agreement.

4. **Limitations.**

4.1 **Data and Database.** Data Solutions may, at any time and from time to time:

- (A) modify or discontinue, temporarily or permanently, any field or aspect of the Data, or any feature of the Database, or the structure of the Database upon notice to Subscriber; and
- (B) suspend access to the Database for operational purposes, including, but not limited to, maintenance, repairs or installation of upgrades.

4.2 **Licensed Rights.** The Licensed Rights do not include the grant of any right to Subscriber or any of its Authorized Users to engage in any other activity relating to or concerning the Data or any part thereof except those expressly set forth in Section ~~1.18~~[1.18](#). Without limiting the foregoing, Subscriber shall not:

- (A) access the Database or download Data via any automated means, including, without limitation, using any scripted, robotic or software means, except only for the scripts or processes provided by Data Solutions or Data Appraise; and
- (B) sub-license or grant any Person that is not a Subscriber any interest in Data or make Data available to any Person that is not a subscriber of Data Solutions; and
- (C) permit, whether or not for consideration, any Person to have access to the Database or utilize the Data, except for Subscriber's Authorized Users; and
- (D) download Data in quantities that are more than the lesser of:
 - (1) that reasonably needed for the applicable Internal Business Purpose, such as, for example and without limitation, downloading all the Data for a geographic area without regard to a type of property; or
 - (2) the maximum number of records permitted to be downloaded pursuant to the then current Data Utilization Profile.

4.3 **Interest in Data, the Database or the Data Solutions Business.** Except for the Licensed Rights, this Agreement does not grant, and Subscriber shall not have or receive, any rights or interests whatsoever in any of the Data, the Database, or the business or assets of Data Solutions.

5. **Subscriber Obligations.** Subscriber shall:

- (A) cause each Authorized User to:
 - (1) assent and agree to the terms of the user terms and conditions of use (the "**Terms of Use**") prior to or contemporaneously with the first

- exercise of any Licensed Right by the applicable Authorized User (including, as, when and if the User Terms and Conditions are amended, modified, supplemented or replaced, from time to time);
- (2) refrain from permitting, and not permit or suffer, any other Person to utilize, the Username or to have access to the Database as, by or through such Authorized User;
 - (3) adhere to and observe all of the obligations of Subscriber hereunder;
 - (4) comply with the Terms of Use and the Data Utilization Profile; and
 - (5) refrain from exceeding the Licensed Rights or otherwise violating the intellectual property or ownership rights of Data Solutions; and
- (B) permit and suffer only those persons who are Authorized Users to access the Database and exercise the Licensed Rights; and
 - (C) immediately notify Data Solutions and Data Appraise when any Authorized User: (1) is no longer a Subscriber Related Party; or (2) has breached any provision of this Agreement, the Terms of Use or the Data Utilization Profile; and
 - (D) use, and cause each Authorized User to use, the SaaS to the maximum extent available, including, without limitation, adding all data utilized by Subscriber in its business that is not the confidential and proprietary property of Subscriber's client or prohibited Third Party Data to the SaaS (and thereby to the Database), and generating reports utilizing the SaaS; and
 - (E) maintain at all times during the Term: (1) Subscriber's and each Authorized User's account and means of access of the SaaS, including full and timely payment of all amounts due under the SaaS Agreement; and (2) all equipment and utilities necessary to exercise the Licensed Rights; and
 - (F) promptly after uploading any Third-Party Data to the SaaS, provide Data Solutions and Data Appraise with written notice (the "**Third Party Data Notice**") describing such Third-Party Data.

6. **Subscriber Data Warranty.** Subscriber represents and warrants to Data Solutions and to Data Appraise, that, except for Third Party Data that was the subject of a timely and complete Third Party Data Notice, either: (A) Subscriber is the owner of the Subscriber Data in all respects; or (B) for each part of the Subscriber Data that Subscriber does not own, Subscriber has the right to grant the SD License.

7. **Confidentiality.** This Section 7.7 shall not be deemed to amend, revise or replace any similar agreement or provision of any agreement between Subscriber and any of Data Appraise, Franchisor or Valbridge entered on or prior to the Effective Date. Each Receiving Party shall, except as may be permitted by this Agreement:

- (A) not disclose, or allow any Person access to, the Disclosing Party's Confidential Information;
- (B) not make any use, commercial or otherwise, of the Disclosing Party's Confidential Information, except for the exercise of the Licensed Rights by

Subscriber in accordance with the Data Utilization Profile and the exercise of the SD License by Data Solutions;

- ~~(C)~~ restrict access to Confidential Information of the Disclosing Party to: (1) in the case of Subscriber as the Receiving Party's Party, its Authorized Users; and
- (C) (2) in the case of Data Solutions or Data Appraise as the Receiving Party, their officers, managers, directors, employees, independent contractors and sibling entities, and their individual and collective customers, successors and assigns that are subject to an obligation of confidentiality to the Receiving Party; and
- (D) exercise reasonable diligence to maintain the confidential, secret or proprietary nature of all Confidential Information, with reasonable diligence meaning that the Receiving Party uses commercially reasonable security measures that are not less than the measures used by it for its own confidential or proprietary information.

A Receiving Party may, *notwithstanding* the foregoing, disclose Confidential Information if and only if compelled by, and solely to the minimum extent necessary to comply with, bona fide unaffiliated third party initiated legal process (including, but not limited to, deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar legal process), and, to the extent not prohibited by applicable law or order, reasonable advance written notice is provided to the Disclosing Party, including the known relevant details of the legal process (with the intent to enable the Disclosing Party to take action to protect its rights in and to the subject Confidential Information). Data Solutions may, *notwithstanding* the foregoing, disclose Confidential Information to: (AA) Data Appraise; or (BB) any other Person that: (1) is under a duty of confidentiality to Data Solutions that is not less restrictive than the provisions of this Section 77; and (2) is a contractor, vendor, licensee or sublicensee of Data Solutions. The foregoing restrictions shall not, in any event, be deemed to prevent Data Solutions or Data Appraise from undertaking its obligations, or exercising the rights granted to it, pursuant to this Agreement.

8. **Term and Termination.**

8.1 Term. The term (the "**Term**") of this Agreement shall commence on the Effective Date and continue for one (1) year unless terminated earlier in accordance herewith. This Agreement shall terminate contemporaneously with the earlier of:

- (A) termination of the SaaS Agreement: (1) for cause by Data Appraise; or (2) without cause and without replacement within three (3) business days thereafter;
- (B) the Franchise Agreement is terminated and not simultaneously replaced or renewed;
- (C) upon not less than sixty (60) days written notice by Data Solutions if it elects to terminate offering the Database; or
- (D) on the last day of the calendar month that is sixty (60) days after athe MAF Increase Notice if, and only if:

- (1) Subscriber provides Data Solutions with a written termination notice on or within thirty (30) days of the MAF Increase Notice; and
- (2) Data Solutions does not withdraw the MAF Increase Notice as concerns Subscriber on or before the end of the MAF Increase Notice period.

Any party may terminate this Agreement for cause, on thirty (30) days written notice to the other parties setting forth the 'for cause' basis; *provided that* no 'for cause' termination shall occur if the notice was the first for the particular 'for cause' basis and the breaching party cures such basis within the notice period.

8.2 Effect of Termination. Upon a termination of this Agreement for any reason whatsoever the Licensed Rights shall terminate and, except for reports prepared and submitted to Subscriber's clients prior to the end of the Term where Subscriber exercised the Licensed Rights in compliance with this Agreement and for post preparation activities related to such reports (e.g., testifying and updates), Subscriber shall immediately cease exercising the Licensed Rights. No termination shall affect the rights of Data Solutions or Subscriber arising prior thereto.

9. **WARRANTIES. DATA SOLUTIONS MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WHATSOEVER CONCERNING OR RELATING TO THE DATABASE, THE DATA, OR THE LICENSED RIGHTS, INCLUDING, WITHOUT LIMITATION, NO WARRANTIES CONCERNING SUBSCRIBER'S ABILITY TO ACCESS THE DATABASE OR EXERCISE THE LICENSED RIGHTS.** THE FOREGOING INCLUDES BUT IS NOT LIMITED TO: (A) NO WARRANTY OF MERCHANTABILITY; (B) NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (C) NO WARRANTY CONCERNING INTELLECTUAL PROPERTY RIGHTS; AND (D) NO WARRANTY CONCERNING THE INTEGRITY OR ACCURACY OF THE DATA. THE DATA IS PROVIDED "AS-IS, WHERE-IS," WITH ALL FAULTS, KNOWN AND UNKNOWN, AND SUBSCRIBER SHALL VERIFY THE DATA PRIOR TO UTILIZING SAME.

10. **Fees and Payments.** Subscriber shall pay Data Solutions the onboarding fee and monthly access fee in the amounts and at the times set forth on Exhibit A hereto in advance for such calendar month. Data Solutions may change the monthly access fee and revise Exhibit A accordingly, on not less than sixty (60) days advance written notice to Subscriber (the "**MAF Increase Notice**"); *provided that* the maximum monthly access fee shall be \$250.00. All amounts due and payable to Data Solutions: (A) do not include sales, use or other taxes, except for taxes on the net income of Data Solutions, and Subscriber shall pay all such taxes and fees at the time payment of the underlying amounts is made; and (B) shall be received by Data Solutions at the address set forth above (or such other address as Data Solutions may notify Subscriber of in writing) on the due date. Payments received by Data Solutions more than five (5) business days after the due date shall be subject to a late fee of five percent (5%) of the amount due, which the parties agree reflects a reasonable estimate of Data Solutions' costs for such late payment, and all amounts due and unpaid shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month or the highest rate permitted by applicable law. In the event of non-payment by Subscriber of any of its obligations under this Agreement and the failure to cure such non-payment within ten (10) days of

~~days of~~ the due date of the payment, Data Solutions may, at its sole option, suspend the ability of Subscriber (and its Authorized Users) to exercise the Licensed Rights or access the Data. The remedies set forth herein shall be cumulative and shall be in addition to any other remedies available to Data Solutions under applicable law.

11. Improvements and Suggestions by any Subscriber or its Authorized Users.

All right, title and interest in and to, and the right to pursue protection for, improvements, enhancements and modifications to the Database or the Data or their individual or collective use, structure, access, or applicability that are suggested or made by any Subscriber or its Authorized Users (being “**Improvements**”) shall vest solely with Data Solutions, and Subscriber agrees to assign, and does hereby assign, all such Improvements to Data Solutions. No license is granted to Subscriber or any of its Authorized Users in, to or under any Improvements or other intellectual property or moral right owned or otherwise assertable by Data Solutions by express or implied grant, estoppel or otherwise, except solely when and if applicable to the Licensed Rights. All benefits from the use of any such Improvements shall inure solely to Data Solutions.

12. LIMITATION OF LIABILITY AND DAMAGES. EXCEPT FOR THE INFRINGEMENT OF DATA SOLUTIONS INTELLECTUAL PROPERTY RIGHTS (INCLUDING, WITHOUT LIMITATION, AS A RESULT OF EXCEEDING THE LICENSED RIGHTS) OR A BREACH OF EITHER OR BOTH OF SECTIONS ~~5 OR 65~~ OR 6, NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF BUSINESS OR OTHER ECONOMIC DAMAGE, OR INJURY TO PROPERTY. IN ADDITION, IN NO EVENT SHALL THE DAMAGES PAYABLE BY DATA SOLUTIONS TO SUBSCRIBER OR ANY PERSON OR ENTITY CLAIMING THROUGH SUBSCRIBER EXCEED THE GREATER OF: MONTHLY ACCESS FEES PAID BY SUBSCRIBER TO DATA SOLUTIONS IN THE PRIOR SIX MONTHS, OR \$1,000.00. EACH PARTY ACKNOWLEDGES THAT:

- (A) THIS SECTION REFLECTS AN INFORMED, VOLUNTARY ALLOCATION OF THE RISKS (KNOWN AND UNKNOWN) THAT MAY EXIST IN CONNECTION WITH THE ARRANGEMENTS SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE USE OF THE DATABASE AND THE DATA AND THE EXERCISE OF THE LICENSED RIGHTS; AND
- (B) SUCH VOLUNTARY RISK ALLOCATION WAS A MATERIAL PART OF THE BARGAIN BETWEEN THE PARTIES; AND
- (C) THE ECONOMIC AND OTHER TERMS OF THIS AGREEMENT WERE NEGOTIATED AND AGREED TO BY THE PARTIES IN RELIANCE ON SUCH VOLUNTARY RISK ALLOCATION.

13. Indemnification.

13.1 Data Solutions shall hold Subscriber and its officers, directors, managers, employees, contractors and agents, collectively and individually, harmless from any claims, obligations, losses, damages, liabilities, fines, costs and expenses (including, without limitation, reasonable attorney’s fees pretrial, trial and appellate) (collectively

“Losses”) arising out of or incurred as a result of or in connection with Data Solutions’ material breach of this Agreement; excluding therefrom all Losses arising from Subscriber’s or its employees or contractors’ material breach of this Agreement.

13.2 Subscriber shall hold Data Solutions, LLC, Data Appraise, LLC, Franchisor and Valbridge and their individual and collective directors, officers, managers, employees, contractors and agents (the “**DS Affiliates**”), collectively and individually, harmless from any Losses arising out of or incurred as a result of or in connection with: (A) Subscriber’s or its employees or contractors’ breach of this Agreement; or (B) each third party claim that, in whole or in part, is based on or arises from or in connection with: (1) Subscriber’s: (a) use of the Data or the Database; or (b) exercise of the Licensed Rights; excluding therefrom all Losses arising from Data Solutions’ material breach of this Agreement; or (2) Data Solutions’ exercise of the SD License, including, without limitation, arising from or out of Third Party Data that is part of the Subscriber’s Data.

14. **Entire Agreement, Waiver and Modification.** This Agreement sets forth the entire understanding of the parties concerning the subject matter of this Agreement and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions or understandings, either oral or written, between them relating to the subject matter of this Agreement other than those set forth herein. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein. Except as set forth in Sections ~~1.13~~1.13 and ~~1010~~, no alteration, amendment, change or addition to this Agreement shall be binding upon any party unless in writing and signed by the party to be charged.

15. **Successors and Assignment.** All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and, except as otherwise specifically provided in this Agreement, their respective permitted successors and assigns. Subscriber may not assign or delegate its rights or obligations under this Agreement, except upon a Franchisor approved assignment of the Franchise Agreement and after notice to Data Solutions. Data Solutions and Data Appraise may assign and delegate their individual or collective rights and obligations under this Agreement without notice to Subscriber at any time and from time to time.

16. **Notices.** Except for general business communications, any consent, waiver, notice, demand, request or other instrument required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given upon: (A) actual delivery if hand delivered; (B) the next business day after: (1) transmission by overnight express courier service (e.g., Federal Express), freight prepaid to the address for such party set forth herein; or (2) in the case of a notice provided by Data Solutions, being: (a) sent to the e-mail address for the Subscriber set forth in the records for the SaaS; and (b) posted to the SaaS website; (C) the next business day after transmission by facsimile (with receipt showing successful transmission) to the facsimile number for such party set forth in the records for the SaaS; or (D) three (3) business days after being sent by certified United States mail, return receipt requested, postage prepaid, to the address for such party set forth in the records for the SaaS. Either party may change its address or facsimile number for notices by changing it on the records for the SaaS.

17. **Captions.** The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

18. **Partial Invalidity.** If any term or provisions of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances, other than those as to which it is held invalid, shall both be unaffected thereby and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

19. **Applicable Law and Venue and Forum.** The provisions of this Section are a material part of the agreement of the parties. But for the provisions of the Section, Data Solutions would not enter this Agreement or grant the Licensed Rights. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED UNDER AND BY THE LAWS OF THE STATE OF FLORIDA FOR CONTRACTS EXECUTED AND TO BE PERFORMED IN FLORIDA. EXCLUSIVE VENUE FOR ANY LEGAL ACTION AUTHORIZED HEREUNDER OR RELATING HERETO SHALL BE IN ORANGE COUNTY, FLORIDA.

20. **Third Party Beneficiaries.** Valbridge and Franchisor shall be express third party beneficiaries of this Agreement. Except for Valbridge and Franchisor, there are no intended, express or implied third-party beneficiaries to this Agreement.

21. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ALL OF THEIR INDIVIDUAL AND COLLECTIVE RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS AGREEMENT AND THE DATA.

22. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same Agreement.

23. **Attorneys' Fees.** In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or relates to this Agreement, the SaaS or the Data, the Prevailing Party in such litigation, mediation, arbitration or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses and suit costs, including any associated with any appellate proceedings and any post-judgment collection proceedings.

24. **Survival.** Sections 1, and 3.2, 3.3, 4.3, 6, 7, 8.2, and 9 through 23 Sections 1, and 3.2, 3.3, 4.3, 6, 7, 8.2, and 9 through 23 shall survive the termination, cancellation or expiration of this Agreement by whatever means for whatever reason.

IN WITNESS WHEREOF, the parties have hereto set their hands as of the day and year first above written.

Data Solutions: Valbridge Property
Advisors Data Solutions, LLC.

By: _____
Richard Armalavage, Manager

Data Appraise: Data Appraise
Systems, LLC

By: _____
Jeff Roper, COO

Subscriber: Print Subscriber Name Below.

By: _____
Print authorized signer name below

Print title below

Exhibit A
Fees

Onboarding Fee.

Contemporaneously with the execution of this Agreement, Subscriber shall pay Data Solutions an Onboarding Fee of \$5,000.00.

Monthly Access Fees.

Subscriber shall pay the Monthly Access Fee on or before the first day of each calendar month during the Term. As of the Effective Date, the Monthly Access Fee shall be \$0.00.

----- End of Exhibit A -----

EXHIBIT C – LIST OF FRANCHISEES
AS OF DECEMBER 31, ~~2019~~2021

Franchisee Name	Address	Phone No.	Manager
Real Estate Appraisers, LLC	4732 Woodmere Blvd., Montgomery, AL 36106	334-277-5077	Josh Hall, Harry Stakely
MJN Enterprises, Inc.	6061 E. Grant Road. Ste. 121 Tucson, AZ 85712	520-321-0000	Mike Naifeh
Burger (Michael) & Associates	4915 Calloway Dr. Ste Ste 101 Bakersfield, CA 93312	661-587-1010	Michael Burger
Cummings Appraisal Group, Inc.	99 S Lake Ave. Ste. 21, Pasadena, CA 91101	626-498-2990	Calvin Cummings
Hulberg & Associates, Inc.	55 S. Market St. Ste. 1210 San Jose, CA 95113	408-279-1520	Norm Hulberg, Walt Carney
Penner & Associates, Inc.	1370 N. Brea Blvd. Ste. 255 Fullerton, CA 92835	714-449-0852	John Penner
Bristol Realty Counselors	5345 Arapahoe Ave. Ste. 7 Boulder, CO 80303	303-443-9600	Burton Lee
Mountain West	23272 Two Rivers Road Ste. 101 Basalt, CO 81621	970-340-1016	Aaron Ward, Gabe Molnar
Italia & Lemp, Inc.	15 Concord Street Glastonbury, CT 06033	860-246-4606	Pat Lemp
Armalavage Valuation, LLC (f/k/a Armalavage & Associates, Inc.),	2240 Venetian Court Naples, FL 34109	239-514-4646	Rick Armalavage, Geri Armalavage
Boyd Schmidt & Brannum Real Estate Appraisers	2711 Poinsettia Ave. West Palm Beach, FL 33407	561-833-5331	David Boyd
Cantrell Miller, LLC	2675 Paces Ferry Road Ste. 145 Atlanta, GA 30339	404-354-2331	Ken Cantrell, Jeff Miller
Mountain States Appraisal & Consulting, Inc.	1459 S. Tyrell Lane Ste. B Boise, ID 83706	208-336-1097	Joe Corlett, Moe Therrien
Mitchell Appraisals, Inc.	820 Fort Wayne Ave. Indianapolis, IN 46204	317-687-2747	Larry Mitchell
Shaner Appraisals, Inc.	10990 Quivira Road Ste. 100 Overland Park, KS 66210	913-451-1451	Laird Goldsborough
Allgeier Company, Inc.	9000 Wessex Place Ste. 306 Louisville, KY 40222	502-585-7480	David Hogan, Jonathan Beery, David Donan

VPA of South Louisiana, Inc.	512 N. Causeway Blvd. Metairie, LA 70001	504-830-3880	Arthur Schwertz
VBW Metro, LLC	11100 Dovedale Court Marriottsville, MD 21104	443-333-5525	David Brooks
The Oetzel-Hartman Group	2127 University Park Dr. Ste. 390 Okemos, MI 48864	517-336-0001	James Hartman
Lubawy & Associates, Inc.	3034 S Durango Dr. Ste 100 Las Vegas, NV 89117	702-869-5876	Matt Lubawy
Oxford Group	2740 Route 10 West Ste. 204 Morris Plains, NJ 07950	973-970-9333 x 7100	George Denman
John T. Bosworth & Associates, LLC	5950 Fairview Road Ste. 405 Charlotte, NC 28210	704-376-5400	John Bosworth
Paramount Appraisal Group, Inc.	412 E. Chatham Street Cary, NC 27511	919-859-2666	Diana Spencer
Akron Appraisal Group, Inc.	1422 Euclid Ave. Ste. 616 Cleveland, OH 44115	216-367-9690	Gary Barker
Walton Property Advisors, LLC	6666 S. Sheridan Road Ste 104, Tulsa, OK 74133	918-712-9992	Stephen Walton
Barone Murtha Shonberg & Associates, Inc.	4701 Baptist Rd. Ste. 304 Pittsburgh, PA 15227	412-881-6080	Stephen Barone, William Murtha, Mark Shonberg
Lukens & Wolf	150 S. Warner Road Ste. 440 King of Prussia, PA 19406	215-545-1900	Trip Lukens, Richard Wolf
Atlantic Appraisals, LLC	1250 Fairmont Ave. Mt. Pleasant, SC 29464	843-884-1266	Karl Finkelstein
VPA of the Carolinas, Inc.	11 Cleveland Ct. Greenville, SC 29607	864-233-6277	Corbin Haskell
C&I Appraisal Services, Inc.	56 Ridge Lake Blvd. Ste. 225 Memphis, TN 38120	901-206-2277	Todd Glidewell
Meridian Realty Advisors, LLC	213 Fox Road Ste. 110 Knoxville, TN 37922	865-522-2424	Craig Huber
R.K. Barnes & Associates, Inc.	112 Westwood Place Ste. 300 Brentwood, TN 37027	615-369-0670	Ken Barnes
Dugger, Grafe, Swanson, Inc.	9901 1H-10W #1035 San Antonio, TX 78230	210-227-6229	Paul Grafe
The Gerald A. Teel Company, Inc.	974 Campbell Road Ste. 204 Houston, TX 77024	713-467-5858	Gerald Teel, Chris Lantz
Free and Associates, Inc.	1100 E 6600 S. Ste. 201	801-262-3388	Gary Free

	Salt Lake City, UT 84121		
Axial Advisory Group, LLC	656 Independence Pkwy., Ste. 220 Chesapeake, VA 23320	757-345-0010	Larry Colorito
Vitale Realty Advisors, LLC	12660 W. North Ave. Brookfield, WI 53005	262-782-7990	Steven Vitale
Marotta Valuation Advisors	260 Bear Hill Road Ste. 106 Waltham, MA 02451	781-790-5645	James J. Marotta
Chicago VPA Associates, LLC	566 W. Lake St. Ste. 240 Chicago, IL 60661	312-288-8687	Gary DeClark
Mississippi Valuations, LLC	1010 Ford Street Gulfport, MS 39507	228-604-1900	Everette Ladner
Capstone Valuation Advisors, LLC	734 Rugby Street Orlando, FL 32804	407-770-0428	Scott Tew
Insight Realty Advisors, Inc.	255 Kellogg Boulevard East #102 Saint Paul, MN 55101	651-470-1229	Tony Lesicka

EXHIBIT D - LIST OF FORMER FRANCHISEES
AS OF DECEMBER 31, ~~2019~~2021

Former Franchisee	Address	Phone No.	Manager
Broom, Moody, Johnson & Grainger, Inc. (now known as Florida Valuation, Inc.)	806 Riverside Avenue Jacksonville, FL 32204	904-296-3000	Farley Grainger
Bullock Commercial Appraisal, LLC	P.O. Box 172, Bedford, MA 01730	781-879-2766	Stephen Bullock
Nelson Valuations, Inc.	2028 East 38 th St. Ste. 1 Davenport, IA 52807	563-355-6606	Kevin Pollard
Ribacchi & Associates	10301 Placer Lane Ste. 100 Sacramento, CA 95827	916-361-2509	Richard Ribacchi
Argote, Derbes, Graham, Shuffield & Tatje, Inc.	512 N. Causeway Blvd., Metairie, LA 70001	504-830-3870	R Dunbar Argote
Warm Springs Consulting, LLC (n/k/a L3 Valuation)	16850 SW Upper Boons Ferry Road, Ste. A Durham, Oregon 97224	503-620-0881	Kurt Mueller
Lipman Frizzell & Mitchell, LLC	6240 Old Dobbin Lane, Ste 140, Columbia, MD 21045	410-423-2300	M Ronald Lipman
Entreken Associates, Inc.	1100 16th Street North, St. Petersburg, FL 33705	727-894-1800 x 203	Robert Klein
Mardell Partners, Inc.	222 South 9th Street Ste. 825 Minneapolis, MN 55402	612-253-0650	Tim Mardell
Beaumont, Matthes & Church, Inc.	603 Hillcrest St. Orlando, FL 32803-4623	407-839-3626	Angela Jackson
Robinson Company of Greenville, Inc.	11 Cleveland Ct. Greenville, SC 29607	864-233-6277	Corbin Haskell

EXHIBIT E - FINANCIAL STATEMENTS
VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC
AND AUDITOR'S AND ACCOUNTANTS' CONSENTS ~~CONSENT~~

Exhibit E contains our financial statements, including:

- ~~(1) our audited financial statements for 2017, including a balance sheet at December 31, 2017, a statement of operations and members equity for the calendar year ending on December 31, 2017, and statement of cash flows for the calendar year ending December 31, 2017; and~~
- ~~(2) our audited financial statements for 2018, including a balance sheet at December 31, 2018, a statement of operations and members equity for the calendar year ending on December 31, 2018, and statement of cash flows for the calendar year ending December 31, 2018; and~~
- ~~(3)~~ (1) our audited financial statements for 2019, including a balance sheet at December 31, 2019, a statement of ~~operations~~income and members equity for the calendar year ending on December 31, 2019, and statement of cash flows for the calendar year ending December 31, 2019-, notes to financial statements for the calendar year ending December 31, 2019, and
- (2) our audited financial statements for 2020, including a balance sheet at December 31, 2020, a statement of income and members equity for the calendar year ending on December 31, 2020, and statement of cash flows for the calendar year ending December 31, 2020, and
- (3) our audited financial statements for 2021, including a balance sheet at December 31, 2021, a statement of income and members equity for the calendar year ending on December 31, 2021, and statement of cash flows for the calendar year ending December 31, 2021, and
- (4) our unaudited financial statements for January through March 31, 2022, including a consolidated balance sheet at March 31, 2022, and a consolidated statement of operations for the three-month period ending on March 31, 2022, a consolidated statement of operations for the month ended on March 31, 2022, for each of: (a) our parent, Valbridge Property Advisors, Inc., (b) Valbridge Property Advisors Franchising System, LLC, and (c) VPA Data Solutions, LLC, a wholly owned subsidiary of our parent.

Our fiscal year end is December 31.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Jennifer K. Aros
Richard F. Hayes
Renee C. Varga

CONSENT

Moss Krusick & Associates, LLC, consents to the use in the Franchise Disclosure Document issued by Valbridge Property Advisors Franchising System, LLC ("Franchisor"), on February 26, 2020, as it may be amended, of our reports dated February 26, 2020, March 25, 2019, and September 5, 2018 relating to the financial statements of the Franchisor for the years ended December 31, 2019, 2018, and 2017.

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Moss, Krusick & Associates, LLC
February 26, 2020

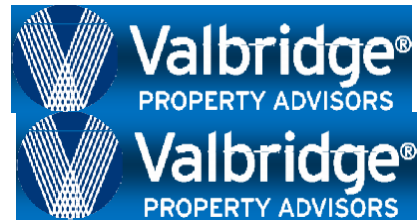
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American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public

Accountants



**VALBRIDGE PROPERTY
ADVISORS FRANCHISING
SYSTEM, LLC**

Financial Statements

December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Member of
Valbridge Property Advisors Franchising System, LLC
Naples, Florida

We have audited the accompanying financial statements of Valbridge Property Advisors Franchising System, LLC, a Florida Corporation, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valbridge Property Advisors Franchising System, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Krusick & Associates, LLC

Winter Park, Florida
February 26, 2020

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

BALANCE SHEETS

December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 955,779	\$ 909,306
Restricted cash	282,465	349,478
Accounts receivable	837,946	371,054
Prepaid expenses	107,503	11,975
Due from member	5,381,597	4,863,966
Total current assets	<u>\$ 7,565,290</u>	<u>\$ 6,505,779</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 341,591	\$ 216,002
Deferred revenue	29,167	-
Credit cards payable	295,768	-
Insurance deductible reserve	94,017	57,085
Prepaid dues	-	15,031
Total current liabilities	<u>760,543</u>	<u>288,118</u>
MEMBER'S EQUITY	<u>6,804,747</u>	<u>6,217,661</u>
Total liabilities and member's equity	<u>\$ 7,565,290</u>	<u>\$ 6,505,779</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Royalties	\$ 1,864,601	\$ 1,453,840
Appraisal fees	94,171	116,675
Interest and other income	38,019	573
Franchise fees	14,583	-
Referral fees	1,939	12,353
Marketing fees	(14,614)	177,548
Technology fees	<u>(28,417)</u>	<u>345,234</u>
Total revenues	<u>1,970,282</u>	<u>2,106,223</u>
OPERATING EXPENSES		
Management fees	513,348	99,400
Marketing expense	291,463	750
Professional fees	244,980	5,950
Licensing fees	80,800	82,600
IT and technology fees	64,927	-
Bad debt expense	51,597	-
Travel expenses	35,818	-
Taxes	26,851	-
Insurance	26,104	23,295
Dues and subscriptions	10,464	417
Postage and delivery	9,681	-
Miscellaneous	8,254	42
Meals and entertainment	6,199	-
CoStar fees	5,250	-
Interest expense	4,211	4,360
Office supplies	2,549	266
Continuing education	700	12,720
Computer and internet	<u>-</u>	<u>18,903</u>
Total operating expenses	<u>1,383,196</u>	<u>248,703</u>
Net income	587,086	1,857,520
Member's equity, beginning of period	<u>6,217,661</u>	<u>4,360,141</u>
Member's equity, end of period	<u>\$ 6,804,747</u>	<u>\$ 6,217,661</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 587,086	\$ 1,857,520
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(466,892)	92,046
(Increase) decrease in prepaid expenses	(95,528)	34,325
Increase (decrease) in accounts payable	125,589	(246,231)
(Decrease) increase in prepaid dues	(15,031)	11,943
Increase in deferred revenue	29,167	-
Increase in credit cards payable	295,768	-
Increase in insurance deductible reserve	36,932	6,530
	<u>497,091</u>	<u>1,756,133</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in due from member	<u>(517,631)</u>	<u>(1,494,517)</u>
Net (decrease) increase in cash and cash equivalents	(20,540)	261,616
Cash, cash equivalents and restricted cash, beginning of period	<u>1,258,784</u>	<u>997,168</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 1,238,244</u>	<u>\$ 1,258,784</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 4,211</u>	<u>\$ 4,360</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Valbridge Property Advisors Franchising System, LLC (the “Company”), was formed on January 24, 2013, as a limited liability company. The Company is a wholly owned subsidiary of Valbridge Property Advisors, Inc. (“VPA”), which is the sole member. The Company was formed to develop a national network of property appraisers as franchises with the intent of strategically reciprocating referrals for business appraisals amongst each other and to operate under a common trade name. The Company currently has 77 locations in the United States owned and operated by third party franchisees under franchise agreements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid securities with original maturities of three months or less, when acquired, to be cash equivalents. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. Cash balances at times may exceed federally insured limits. At December 31, 2019 and 2018, \$1,021,828 and \$974,944, respectively, exceeded the federally insured limit.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents includes medical insurance premiums funds held by the Company to pay medical insurance premiums on behalf of the franchisees. In addition, it includes funds received from, and paid to, the franchisees for real estate appraisals. Lastly, it includes funds in a savings account to offset National E & O premium deductible liability. These funds are required to be maintained in separate bank accounts.

Accounts Receivable

The Company periodically assesses the collectability of accounts receivable, and makes allowances for accounts considered uncollectible. As of December 31, 2019 and 2018, no allowance for doubtful accounts was considered necessary.

Revenue Recognition

The Company adopted FASB Accounting Standard Update No. 2014-09, “Revenue from Contracts with Customers” (ASC 606), for the year ended December 31, 2019 using the modified retrospective approach where the guidance is applied only to the most current period presented in the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Revenue Recognition (continued)

The Company's revenues consist primarily of royalties, franchise fees, other fees for technology and marketing, and ongoing appraisal and referral fees, all of which are covered in franchise agreements. Royalties include base royalties plus revenue-based royalties of 2% to 3% depending on the revenue level of the franchisee. Franchise fees, technology fees and marketing fees are received upfront. Appraisal and referral fees are earned when services are performed by the Company for the franchisee.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. This standard does not change the recognition of royalties from franchisees which are based on a percent of revenue and recognized at the time the underlying revenue occur, or for ongoing appraisal and referral fees, which are recognized when earned. The standard does change the timing in which the Company recognizes initial fees from new franchisees and for technology and marketing fees. The Company's accounting policy through 2018, was to recognize initial fees when received. Beginning in 2019, these initial fees have been recognized as the Company satisfies the performance obligation over their respective terms, which is generally three years for franchises fees and one year for technology and marketing fees. However, the adoption of ASC 606 had no impact on the Company's financial statements as initial fees received prior to 2019 did not extend into 2019. Technology and marketing fees received in 2018 and prior were terminated in 2018.

Deferred revenue at December 31, 2019 represents initial franchise fees received in 2019 but not yet earned.

Income Taxes

The Company was organized in 2013 as a limited liability company and elected to be taxed as a flow through entity. Accordingly, VPA has consented to include the taxable income of the Company on its income tax returns. Therefore, the Company's financial statements do not include any provision for income taxes.

The Company has concluded that as of December 31, 2019 and 2018, there were no uncertain tax positions taken or expected to be taken by the Company that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Fair Value Measurements

The Company follows ASC No. 820, *Fair Value Measurements and Disclosures*. The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses fair value measurements based on quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) or unobservable inputs for assets or liabilities (Level 3), depending on the nature of the item being valued. The Company discloses on a yearly basis the valuation techniques and discloses any change in method of such within the body of each applicable footnote. The estimated fair values may not be representative of actual values that will be realized or settled in the future.

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

At December 31, 2019 and 2018, the Company has no instruments that require additional disclosure. The carrying amounts of the Company's financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short period to maturity for these instruments and/or market interest rates.

Commitments and Contingencies

In the normal course of conducting its operations, the Company may occasionally become party to various legal actions and proceedings. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have a material impact on the Company's financial position, results of operations or cash flows. While management believes that the Company has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Company.

Statement of Cash Flows

During 2018, the Company adopted ASU 2016-18, Statement of Cash Flows, which requires that restricted cash be included in total cash in the Statements of Cash Flows. Cash and cash equivalents, and restricted cash in the Statements of Cash Flows totaling \$997,168 as of December 31, 2017, includes cash and cash equivalents of \$668,755 and restricted cash of \$328,413. Ending cash and cash equivalents, and restricted cash in the Statements of Cash Flows for 2019 and 2018 are presented in the Balance Sheets.

Subsequent Events

Management has evaluated subsequent events through February 26, 2020, the date which the financial statements were available to be issued.

NOTE 2 – FRANCHISING ACTIVITY

At December 31, 2019, the Company had 42 active franchises. At December 31, 2018, the Company had 41 active franchises.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company has entered into a licensing agreement for the use of certain brand and service marks and business systems owned by VPA. For the years ended December 31, 2019 and 2018, the Company paid VPA a total of \$80,800 and \$82,600, respectively, for licensing fees. The Company periodically advances monies to VPA and other related entities in the ordinary course of business. At December 31, 2019 and 2018, these advances totaled \$5,381,597 and \$4,863,966, respectively, and are non-interest bearing with no fixed date of repayment.

1\JfTE A
CPAs AND ADVISORS
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Partners

W. Ed Moss, Jr.
Joe M. Krnsick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

CONSENT



Moss Krusick & Associates, LLC, consents to the use in the Franchise Disclosure Document issued by Valbridge Property Advisors Franchising System, LLC ("Franchisor"), on March 17, 2021, as it may be amended, of our reports dated March 17, 2021, February 26, 2020 and March 25, 2019 relating to the financial statements of the Franchisor for the years ended December 31, 2020, 2019 and 2018.

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Moss, Krusick & Associates, LLC
March 17, 2021

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Winter Park, FL 32789
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VALBRIDGE PROPERTY
ADVISORS FRANCHISING
SYSTEMSYSTEM, LLC

Financial Statements

December 31, ~~2018~~2020 and

~~2017~~2019

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Partners

~~Partners~~ Moss, Jr.
~~W. Ed Moss, Jr.~~
~~Joe M. Krusick~~

Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

To the Member of

INDEPENDENT ~~AUDITORS'~~AUDITORS' REPORT

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~~To the Member of~~

Valbridge Property Advisors Franchising ~~Systems~~System, LLC Naples, Florida

We have audited the accompanying financial statements of ~~Valbridge~~Valbridge Property Advisors Franchising ~~Systems~~System, LLC, a Florida Corporation, which comprise the balance sheets as of December 31, ~~2018~~2020 and ~~2017~~2019, and the related statements of income and ~~member's~~member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

~~Management's~~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~~Auditors' Responsibility

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

~~An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 ~~auditors'~~auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers ~~internal~~internal control relevant to the ~~entity's~~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~~entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ~~Valbridge~~Valbridge Property Advisors Franchising ~~Systems~~System, LLC as of December 31, ~~2018~~2019 and ~~2017~~2018, and the results of its operations and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

~~;~~Moss, Krusick & Associates ~~Xrusicfi & ..~~'Associates, LLC

Winter Park, Florida March ~~8, 2019~~17, 2021

VALBRIDGE PROPERTY ADVISORS FRANCHISING ~~SYSTEMS~~SYSTEM,

LLC BALANCE SHEETS

December 31, ~~2018~~2020 and ~~2017~~2019

	2018	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,025,026	
Restricted cash	335,500	
Accounts receivable	684,620	
Prepaid expenses	253,746	
Due from member		6,067
Total current assets		\$ 8,366
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 527,941	
Deferred revenue	17,083	
Credit cards payable	150,656	
Insurance deductible reserve		98
Total current liabilities		79
MEMBER'S EQUITY		
Total liabilities and member's equity		\$ 8,366

LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 216,002	\$ 462,233
Insurance deductible reserve	57,085	50,555
Prepaid dues	15,031	3,088
Total current liabilities	288,118	515,876

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

MEMBER'S EQUITY	<u>6,217,661</u>	<u>4,360,141</u>
Total liabilities and member's equity	<u>\$ 6,505,779</u>	<u>\$ 4,876,017</u>

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

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING ~~SYSTEMS~~SYSTEM, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY

Years ended December 31, ~~2018~~2020 and ~~2017~~2019

	<u>2018</u>	<u>2020</u>	
REVENUES			
Royalties	\$ 1,453,840	2,200,777	\$ -
Technology fees		345,234	
Marketing fees		177,548	
Appraisal fees	116,600	118,858	
Referral fees		12,353	
Interest and other income	648	41,062	
Franchise fees		15,834	
Referral fees		3,015	
Marketing fees		-	
Technology fees		-	
Total revenues	2,106,223	379,546	
OPERATING EXPENSES			
Management fees	99,400	625,342	
Marketing expense		314,801	
Professional fees		297,263	
Licensing fees	82,600	89,100	
Insurance		23,295	
Computer, IT and internet technology fees		18,903	162,311
Continuing education		12,720	
Professional fees		5,950	
Interest Bad debt expense		4,360	30,793
Marketing expense Travel expenses		750	13,095
Taxes		9,226	
Insurance		19,085	
Dues and subscriptions	417	16,311	
Office supplies Postage and delivery		266	6,012
Miscellaneous		426,000	
Meals and entertainment		4,352	
CoStar fees		8,926	
Bad debt Interest expense		-2,935	
Office supplies		2,394	
Continuing education		-	
Computer and internet		3,907	
Total operating expenses	248,703	1,611,853	
Net income	1,857,520	767,693	
Member's equity, beginning of period	4,360,141	6,804,747	
Member's equity, end of period	\$ 7,572,440		6,217,4

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING ~~SYSTEMS~~SYSTEM,

LLC STATEMENTS OF CASH FLOWS

Years ended December 31, ~~2018~~2020 and ~~2017~~2019

	2020	2018	2019	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 767,693		\$	587,086
Adjustments to reconcile net income to net cash provided by operating activities:				
Net income	\$	\$ 1,377,824		
Adjustments to reconcile to net cash provided by operating activities:	1,857,5			
Changes in operating assets and liabilities:	20			
(Increase) decrease in accounts receivable	92,046153,	(437,466,892)		
	326			
(Increase) decrease in prepaid expenses	34,325(146,	(38,23295,528)		
	243)			
Increase (decrease) in accounts payable	(246,231)18	462,233125,589		
	6,350			
(Decrease) increase in prepaid dues	11,943-	(20,84815,031)		
(Decrease) increase in deferred revenue	(12,084)	29,167		
(Decrease) increase in credit cards payable	(145,112)	295,768		
Increase in insurance deductible reserve	6,5304,6	55536,932		
	77			
Net cash provided by operating activities	1,756,133	1,344,066808,607		
	497,091			
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in due from member	(1,494,517686,325)	(1,206,1085		
		17,631)		
Net (decrease) increase in cash and cash equivalents	261,616122,282	137,958(20,540)		
Cash, cash equivalents and restricted cash, beginning of period	997,168	859,210		
Cash, cash equivalents and restricted cash, end beginning of period	\$	\$ 997,168		
	1,258,784238,244	1,258,784		
SUPPLEMENTAL DISCLOSURE				
Interest paid	\$ 4,360	\$		
Cash, cash equivalents and restricted cash, end of period	\$ 1,360,526	\$ 1,238,244		

SUPPLEMENTAL DISCLOSUREInterest paid

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING

SYSTEMSSYSTEM, LLC NOTES TO FINANCIAL STATEMENTS

December 31, ~~2018~~2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Valbridge Property Advisors Franchising SystemsSystem, LLC (the “Company”), was formed on January 24, 2013, as a limited liability company. The Company is a wholly owned subsidiary of Valbridge Property Advisors, Inc. (“VPA”), which is the sole member. The Company was formed to develop a national network of property appraisers as franchises with the intent of strategically reciprocating referrals for business appraisals amongst each other and to operate under a common trade name. The Company currently has 80 locations in the United States owned and operated by third party franchisees under franchise agreements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid securities with original maturities of three months or less, when acquired, to be cash equivalents. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. Cash balances at times may exceed federally insured limits. At December 31, 2020, \$1,129,190 exceeded the federally insured limit.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents includes medical insurance premiums funds held by the Company to pay medical insurance premiums on behalf of the franchisees. In addition, it includes funds received from, and paid to, the franchisees for real estate appraisals. Lastly, it includes funds in a savings account to offset National E & O premium deductible liability. These funds are required to be maintained in separate bank accounts.

Accounts Receivable

The Company periodically assesses the collectability of accounts receivable, and makes allowances for accounts considered uncollectible. As of December 31, 2020 and 2019, no allowance for doubtful accounts was considered necessary.

Revenue Recognition

The Company adopted FASB Accounting Standard Update No. 2014-09, “Revenue from Contracts with Customers” (ASC 606), during the year ended December 31, 2019 using the modified retrospective approach where the guidance is applied only to the most current period presented in the financial statements. The adoption had no impact on the Company’s financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Revenue Recognition (continued)

The Company's revenues consist primarily of royalties, franchise fees, other fees for technology and marketing, and ongoing appraisal and referral fees, all of which are covered in franchise agreements. Royalties include base royalties plus revenue-based royalties of 2% to 3% depending on the revenue level of the franchisee. Franchise fees, technology fees and marketing fees are received upfront. Appraisal and referral fees are earned when services are performed by the Company for the franchisee.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Royalties from franchise fees, which are based on a percent of revenue, are recognized at the time the underlying revenue occur. Appraisal and referral fees are recognized when earned. Initial fees are recognized as the Company satisfies the performance obligations over their respective terms which are generally three years for franchise fees and one year for technology and marketing fees.

Deferred revenue represents initial franchise fees received but not yet earned.

Income Taxes

The Company was organized in 2013 as a limited liability company and elected to be taxed as a flow through entity. Accordingly, VPA has consented to include the taxable income of the Company on its income tax returns. Therefore, the Company's financial statements do not include any provision for income taxes.

The Company has concluded that as of December 31, 2020 and 2019, there were no uncertain tax positions taken or expected to be taken by the Company that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Fair Value Measurements

The Company follows ASC No. 820, *Fair Value Measurements and Disclosures*. The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses fair value measurements based on quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) or unobservable inputs for assets or liabilities (Level 3), depending on the nature of the item being valued. The Company discloses on a yearly basis the valuation techniques and discloses any change in method of such within the body of each applicable footnote. The estimated fair values may not be representative of actual values that will be realized or settled in the future.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

At December 31, 2020 and 2019, the Company has no instruments that require additional disclosure. The carrying amounts of the Company's financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short period to maturity for these instruments and/or market interest rates.

Commitments and Contingencies

In the normal course of conducting its operations, the Company may occasionally become party to various legal actions and proceedings. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have a material impact on the Company's financial position, results of operations or cash flows. While management believes that the Company has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Company.

Statement of Cash Flows

Restricted cash is included in total cash in the Statements of Cash Flows. The components of cash and cash equivalents, and restricted cash in the Statements of Cash Flows are presented in the Balance Sheets.

Subsequent Events

Management has evaluated subsequent events through March 17, 2021, the date which the financial statements were available to be issued.

NOTE 2 – FRANCHISING ACTIVITY

At December 31, 2020 and 2019, the Company had 44 and 42 active franchises.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company has entered into a licensing agreement for the use of certain brand and service marks and business systems owned by VPA. For the years ended December 31, 2020 and 2019, the Company paid VPA a total of \$89,100 and \$80,800, respectively, for licensing fees. The Company periodically advances monies to VPA and other related entities in the ordinary course of business. At December 31, 2020 and 2019, these advances totaled \$6,067,922 and \$5,381,597, respectively, and are non-interest bearing with no fixed date of repayment.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 4 – RISK AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

CONSENT

Moss Krusick & Associates, LLC, consents to the use in the Franchise Disclosure Document issued by Valbridge Property Advisors Franchising System, LLC ("Franchisor"), on March 28, 2022, as it may be amended, of our reports dated March 28, 2022, March 17, 2021, and February 26, 2020 relating to the financial statements of the Franchisor for the years ended December 31, 2021, 2020 and 2019.

Moss, Krusick & Associates, LLC

Moss, Krusick & Associates, LLC
March 28, 2022

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American Institute of
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Accountants

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Certified Public
Accountants



VALBRIDGE PROPERTY
ADVISORS FRANCHISING
SYSTEM, LLC

Financial Statements

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Partners

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American Institute of

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Accountants

Florida Institute of

Certified Public

Accountants

To the Member of

Valbridge Property Advisors Franchising System, LLC

Naples, Florida

Opinion

We have audited the accompanying financial statements of Valbridge Property Advisors Franchising System, LLC, a Florida Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 28, 2022

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

BALANCE SHEETS

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 887,949	\$ 1,025,026
Restricted cash	245,765	335,500
Accounts receivable	469,569	684,620
Prepaid expenses	239,386	253,746
Total current assets	1,842,669	2,298,892
Intangibles, net	180,481	-
Due from member	6,994,073	6,067,922
Total assets	<u>\$ 9,017,223</u>	<u>\$ 8,366,814</u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 280,763	\$ 527,941
Deferred revenue	1,248	17,083
Credit cards payable	149,820	150,656
Insurance deductible reserve	98,694	98,694
Total current liabilities	530,525	794,374
<u>MEMBER'S EQUITY</u>	<u>8,486,698</u>	<u>7,572,440</u>
Total liabilities and member's equity	<u>\$ 9,017,223</u>	<u>\$ 8,366,814</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>REVENUES</u>		
<u>Royalties</u>	<u>\$ 2,324,980</u>	<u>\$ 2,200,777</u>
<u>CoStar fees</u>	<u>90,260</u>	<u>21,387</u>
<u>Appraisal fees</u>	<u>80,400</u>	<u>118,858</u>
<u>Interest and other income</u>	<u>19,154</u>	<u>19,675</u>
<u>Franchise fees</u>	<u>15,835</u>	<u>15,834</u>
<u>Referral fees</u>	<u>5,275</u>	<u>3,015</u>
 <u>Total revenues</u>	 <u>2,535,904</u>	 <u>2,379,546</u>
 <u>OPERATING EXPENSES</u>		
<u>Management fees</u>	<u>521,231</u>	<u>625,342</u>
<u>Marketing expense</u>	<u>342,579</u>	<u>314,801</u>
<u>IT and technology fees</u>	<u>296,869</u>	<u>162,311</u>
<u>Professional fees</u>	<u>232,874</u>	<u>297,263</u>
<u>Licensing fees</u>	<u>81,600</u>	<u>89,100</u>
<u>Miscellaneous</u>	<u>40,318</u>	<u>6,000</u>
<u>Travel expenses</u>	<u>29,343</u>	<u>13,095</u>
<u>Taxes</u>	<u>19,587</u>	<u>9,226</u>
<u>CoStar fees</u>	<u>16,557</u>	<u>8,926</u>
<u>Insurance</u>	<u>14,263</u>	<u>19,085</u>
<u>Dues and subscriptions</u>	<u>13,751</u>	<u>16,311</u>
<u>Office supplies</u>	<u>3,689</u>	<u>2,394</u>
<u>Amortization expense</u>	<u>3,059</u>	<u>-</u>
<u>Interest expense</u>	<u>2,504</u>	<u>2,935</u>
<u>Postage and delivery</u>	<u>1,769</u>	<u>6,012</u>
<u>Meals and entertainment</u>	<u>1,653</u>	<u>4,352</u>
<u>Bad debt expense</u>	<u>-</u>	<u>30,793</u>
<u>Computer and internet</u>	<u>-</u>	<u>3,907</u>
 <u>Total operating expenses</u>	 <u>1,621,646</u>	 <u>1,611,853</u>
 <u>Net income</u>	 <u>914,258</u>	 <u>767,693</u>
 <u>Member's equity, beginning of period</u>	 <u>7,572,440</u>	 <u>6,804,747</u>
 <u>Member's equity, end of period</u>	 <u>\$ 8,486,698</u>	 <u>\$ 7,572,440</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
<u>Net income</u>	<u>\$ 914,258</u>	<u>\$ 767,693</u>
<u>Adjustments to reconcile net income to</u> <u>net cash provided by operating activities:</u>		
<u>Amortization</u>	<u>3,059</u>	<u>-</u>
<u>Changes in operating assets and liabilities:</u>		
<u>Decrease in accounts receivable</u>	<u>215,051</u>	<u>153,326</u>
<u>Decrease (Increase) in prepaid expenses</u>	<u>14,360</u>	<u>(146,243)</u>
<u>(Decrease) Increase in accounts payable</u>	<u>(247,178)</u>	<u>186,350</u>
<u>(Decrease) in deferred revenue</u>	<u>(15,835)</u>	<u>(12,084)</u>
<u>(Decrease) in credit cards payable</u>	<u>(836)</u>	<u>(145,112)</u>
<u>Increase in insurance deductible reserve</u>	<u>-</u>	<u>4,677</u>
<u>Net cash provided by operating activities</u>	<u>882,879</u>	<u>808,607</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
<u>Increase in due from member</u>	<u>(926,151)</u>	<u>(686,325)</u>
<u>Purchase of software</u>	<u>(183,540)</u>	<u>-</u>
<u>Net cash used by investing activities</u>	<u>(1,109,691)</u>	<u>(686,325)</u>
<u>Net (decrease) increase in cash and cash equivalents</u>	<u>(226,812)</u>	<u>122,282</u>
<u>Cash, cash equivalents and restricted cash,</u> <u>beginning of period</u>	<u>1,360,526</u>	<u>1,238,244</u>
<u>Cash, cash equivalents and restricted cash,</u> <u>end of period</u>	<u>\$ 1,133,714</u>	<u>\$ 1,360,526</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
<u>Interest paid</u>	<u>\$ 2,504</u>	<u>\$ 2,935</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEM, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Valbridge Property Advisors Franchising System, LLC (the "Company"), was formed on January 24, 2013, as a limited liability company. The Company is a wholly owned subsidiary of Valbridge Property Advisors, Inc. ("VPA"), which is the sole member. The Company was formed to develop a national network of property appraisers as franchises with the intent of strategically reciprocating referrals for business appraisals amongst each other and to operate under a common trade name. The Company currently has 80 locations in the United States owned and operated by third party franchisees under franchise agreements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid securities with original maturities of three months or less, when acquired, to be cash equivalents. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. Cash balances at times may exceed federally insured limits. At December 31, ~~2018 and 2017, \$974,944 and \$696,508, respectively,~~2021, \$836,532 exceeded the federally insured limit.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents includes medical insurance premiums funds held by the Company to pay medical insurance premiums on behalf of the franchisees. In addition, it includes funds received from, and paid to, the franchisees for real estate appraisals. Lastly, it includes funds in a savings account to offset National E & O premium deductible liability. These funds are required to be maintained in separate bank accounts.

Accounts Receivable

The Company periodically assesses the collectability of accounts receivable, and makes allowances for accounts considered uncollectible. As of December 31, ~~2018~~2021 and ~~2017~~2020, no allowance for doubtful accounts was considered necessary.

~~Revenue Recognition~~

~~Franchise fee revenue is recognized when substantially all significant Company services have been provided. Initial technology infrastructure fee revenue is recognized when the related technology has been provided to the franchisee. Royalties are recognized when earned on a monthly basis. Appraisal fees are recognized after the service is performed in the period in which the service was performed.~~

~~The franchise agreement gives the Company the right to charge marketing services and technology services fees for a period of up to twelve months. When the Company charges these fees, the revenues are recognized on a monthly basis. The Company began charging these fees again as of December 2017.~~

Intangible Assets

The Company's intangible assets consist of software that was developed by Optimum Consultancy Services. The purpose of the software is to integrate the Company's database and technology, increasing efficiency. The Company's policy is to amortize the software over a 5-year life.

VALBRIDGE PROPERTY ADVISORS FRANCHISING

SYSTEMSSYSTEM, LLC NOTES TO FINANCIAL STATEMENTS

December 31, ~~2018~~2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Company follows FASB Accounting Standard Update No. 2014-09, "Revenue from Contracts with Customers" (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Company's revenues consist primarily of royalties, franchise fees, other fees for technology and marketing, and ongoing appraisal and referral fees, all of which are covered in franchise agreements. Royalties include base royalties plus revenue-based royalties of 2% to 3% depending on the revenue level of the franchisee. Franchise fees, technology fees and marketing fees are received upfront. Appraisal and referral fees are earned when services are performed by the Company for the franchisee.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Royalties from franchise fees, which are based on a percent of revenue, are recognized at the time the underlying revenue occur. Appraisal and referral fees are recognized when earned. CoStar fees are recognized monthly when billed. Initial fees are recognized as the Company satisfies the performance obligations over their respective terms which are generally three years for franchise fees and one year for technology and marketing fees.

Deferred revenue represents initial franchise fees received but not yet earned.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company was organized in 2013 as a limited liability company and elected to be taxed as a flow through entity. Accordingly, VPA has consented to include the taxable income of the Company on its income tax returns. Therefore, the Company's financial statements do not include any provision for income taxes.

The Company has concluded that as of December 31, ~~2018~~2021 and ~~2017~~2020, there were no uncertain tax positions taken or expected to be taken by the Company that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Fair Value Measurements

The Company follows ASC No. 820, *Fair Value Measurements and Disclosures*. The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses fair value measurements based on quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) or unobservable inputs for assets or liabilities (Level 3), depending on the nature of the item being valued. The Company discloses on a yearly basis the valuation techniques and discloses any change in method of such within the body of each applicable footnote. The estimated fair values may not be representative of actual values that will be realized or settled in the future.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Fair Value Measurements (continued)

At December 31, ~~2018~~2021 and ~~2017~~2020, the Company has no instruments that require additional disclosure. The carrying amounts of the Company's financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short period to maturity for these instruments and/or market interest rates.

Recently Issued Accounting Pronouncements

~~In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenues from Contracts with Customers* (Topic 606) ("ASU 2014-09"), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for the Company beginning in 2019. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Company is currently evaluating the impact of adopting the new revenue standard on its financial statements.~~

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Commitments and Contingencies

In the normal course of conducting its operations, the Company may occasionally become party to various legal actions and proceedings. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have a material impact on the Company's financial position, results of operations or cash flows. While management believes that the Company has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Company.

Statement of Cash Flows

~~During 2018, the Company adopted ASC 2016-18, Restricted Statement of Cash Flows, which requires that restricted cash be included in total cash in the Statements of Cash Flows. Ending~~ The components of cash and cash equivalents, and restricted cash in the Statements of Cash Flows totaling \$1,258,784 includes cash and cash equivalents of \$909,306 and restricted cash of \$349,478. Beginning cash and cash equivalents, and restricted cash in the Statements of Cash Flows totaling \$997,168 includes cash and cash equivalents of \$668,755 and restricted cash of \$328,413 are presented in the Balance Sheets.

Reclassifications

Certain 2020 amounts have been reclassified to correspond to the 2021 presentation.

Subsequent Events

Subsequent Events

Management has evaluated subsequent events through March 28, 2022, the date which the financial statements were available to be issued.

NOTE 2 — FRANCHISING ACTIVITY

~~8, 2019, the date which the financial statements were available to be issued.~~

NOTE 2 — FRANCHISING ACTIVITY

At December 31, 2018~~2021~~ and 2020, the Company had 44 ~~active franchises~~. At ~~December 31, 2017~~, the Company ~~had and~~ 43 active franchises.

NOTE 3 — RELATED PARTY TRANSACTIONS

The Company has entered into a licensing agreement for the use of certain brand and service marks and business systems owned by VPA. For the years ended December 31, 2018~~2021~~ and 2017~~2020~~, the Company paid VPA a total of \$~~8281~~,600 and \$~~80,700~~89,100, respectively, for licensing fees. The Company periodically advances monies to VPA and other related entities in the ordinary course of

business. At December 31, ~~2018~~2021 and ~~2017~~2020, these advances totaled \$~~4,863,966,994,073~~ and \$~~3,369,449,067,922~~, respectively, and are non-interest bearing with no fixed date of repayment. The advances have been reclassified as long-term as they are zeroed out on a consolidated basis with VPA and not expected to be collected in 2022.



VALBRIDGE PROPERTY ADVISORS FRANCHISING ~~SYSTEMS,~~

LLCSYSTEM, LLC NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 4 – INTANGIBLE ASSETS

Intangible assets at December 31, 2021 are summarized as follows:

<u>Software</u>	<u>\$ 183,540</u>
<u>Less: accumulated amortization</u>	<u>(3,059)</u>
<u>Intangibles, net</u>	<u>\$ 180,481</u>

Amortization expense for 2021 was \$3,059. Estimated annual amortization expense for each of the years subsequent to 2021 is 2022 - \$36,708, 2023 - \$36,708, 2024 - \$36,708, 2025 - \$36,708, 2026 - \$33,649.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of conducting its operations, the Company occasionally becomes party to various legal actions and proceedings. As of the report date, management is not aware of any claims or legal action or any pending or threatened litigation, claims or assessments against the Company.

NOTE 6 – RISK AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial

condition, liquidity, and future results of operations. Management is actively monitoring the global pandemic situation.



[CliftonLarsonAllen LLP](http://CliftonLarsonAllen.LLP)
CLAAconnect.com

Consent to use Financial Statements ~~December 31, 2017 and 2016~~



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INDEPENDENT AUDITORS' REPORT

Partners

W. Ed Moss, Jr.

Joe M. Krusick

Cori G. Cameron

Bob P. Marchewka

Ric Perez

James B. Dexter

Thomas F. Clifton

Ernie R. Jackson

Paul F. Smyth

Darby M. Russell

Member of

Valbridge Property Advisors Franchising Systems,

LLC Valbridge Property Advisors, Inc. and related

entities Naples, Florida

We have audited the accompanying financial statements of CliftonLarsonAllen, certified public accountants, hereby consent to the use of our compiled consolidated financial statements for the period ending March 31, 2022 in the Valbridge Property Advisors Franchising Systems, LLC, a Florida Corporation, Disclosure Document, as amended from time to time. These compiled consolidated financial statements were issued on May 25, 2022. They should be included in their entirety.

CliftonLarsonAllen LLP

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American Institute of
Certified Accountants
A member of
Nexia
International

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Florida Institute of
Certified Public
Accountants

Valbridge Property Advisors, Inc.
Financial Statements

For the period ended March 31, 2022



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAcconnect.com

Valbridge Property Advisors, Inc
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Period Ended March 31, 2022

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ACCOUNTANTS' COMPILATION REPORT

Stockholder

Valbridge Property Advisors, Inc. Naples, Florida

Management is responsible for the accompanying consolidated financial statements of Valbridge Property Advisors, Inc. (a C corporation), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related statements of income and member's equity, and cash flows for the years then ended sheet as of March 31, 2022, and the related notes to the financial consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.~~

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valbridge Property Advisors Franchising Systems, LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows for year for the three-month and one- month periods then ended in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these consolidated financial statements.

Moss, Krusick & Associates LLC

Winter Park, Florida
September 5, 2018

~~VALBRIDGE PROPERTY ADVISORS FRANCHISING~~

~~SYSTEMS, LLC BALANCE SHEETS~~

~~December 31, 2017 and 2016~~

~~ASSETS~~

	2017	2016
CURRENT ASSETS		
Cash and equivalents	\$ 668,755	\$ 809,210
Restricted cash	328,413	50,000
Accounts receivable	463,100	25,634
Prepaid expenses	46,300	8,068
Due from member	3,369,449	2,163,341
Total current assets	<u>\$ 4,876,017</u>	<u>\$ 3,056,253</u>

~~LIABILITIES AND MEMBER'S EQUITY~~

CURRENT LIABILITIES		
Accounts payable	\$ 462,233	\$ —
Insurance deductible reserve	50,555	50,000
Prepaid dues	3,088	23,936
Total current liabilities	<u>515,876</u>	<u>73,936</u>
MEMBER'S EQUITY	<u>4,360,141</u>	<u>2,982,317</u>
Total liabilities and member's equity	<u>\$ 4,876,017</u>	<u>\$ 3,056,253</u>

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

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEMS, LLC STATEMENTS OF INCOME AND MEMBER'S EQUITY
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Royalties	\$ 1,425,730	\$ 1,428,201
Appraisal fees	133,759	-
Technology fees	28,750	5,141
Marketing fees	14,786	4,894
Referral fees	2,000	-
Interest and other income	<u>547</u>	<u>153</u>
Total revenues	<u>1,605,572</u>	<u>1,438,389</u>
OPERATING EXPENSES		
Management fees	109,181	-
Licensing fees	80,700	83,700
Insurance	19,552	19,817
Marketing expense	7,500	-
Dues and subscriptions	5,323	-
Bad debt expense	4,702	29,223
Miscellaneous	573	605
Office supplies	<u>217</u>	<u>-</u>
Total operating expenses	<u>227,748</u>	<u>133,345</u>
Net income	1,377,824	1,305,044
Member's equity, beginning of period	<u>2,982,317</u>	<u>1,677,273</u>
Member's equity, end of period	<u>\$ 4,360,141</u>	<u>\$ 2,982,317</u>

~~VALBRIDGE PROPERTY ADVISORS FRANCHISING~~

~~SYSTEMS, LLC STATEMENTS OF CASH FLOWS~~

~~Years ended December 31, 2017 and 2016~~

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,377,824	\$ 1,305,044
Adjustments to reconcile to net cash used by operating activities:-		
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(437,466)	9,333
Increase in restricted cash	(278,413)	(50,000)
Increase in due from member	(1,206,108)	(869,693)
Decrease in prepaid dues	(20,848)	(4,563)
Decrease (increase) in prepaid expenses	(38,232)	155
Increase in accounts payable	462,233	-
Increase in insurance deductible reserve	<u>555</u>	<u>50,000</u>
Net cash used by operating activities	(140,455)	440,276
Cash, cash equivalents and restricted cash, beginning of period	<u>809,210</u>	<u>368,934</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 668,755</u>	<u>\$ 809,210</u>

~~NOTES TO FINANCIAL STATEMENTS~~

~~December 31, 2017~~

~~NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES~~

~~Nature of Operations~~

~~Valbridge Property Advisors Franchising Systems, LLC (the "Company"), was formed on January 24, 2013, as a limited liability company. The Company is a wholly owned subsidiary of Valbridge Property Advisors, Inc. ("VPA"), which is the sole member. The Company was formed to develop a national network of property appraisers with the intent of strategically reciprocating referrals for business appraisals amongst each other and to operate under a common trade name.~~

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the consolidated financial statements, they might influence the user's conclusions about the entity's financial position, results of operations, and cash flows. Accordingly, the consolidated financial statements are not designed for those who are not informed about such matters.

Accounting

~~Use of Estimates~~

~~The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.~~

~~Cash and Cash Equivalents~~

~~The Company considers all highly liquid securities with original maturities of three months or less, when acquired, to be cash equivalents.~~

~~The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. Cash balances at times may exceed federally insured limits. At December 31, 2017 and 2016, \$696,508 and \$609,210, respectively, exceeded the federally insured limit.~~

~~Restricted Cash and Cash Equivalents~~

~~Restricted cash and cash equivalents includes medical insurance premiums funds held by the Company to pay medical insurance premiums on behalf of the franchisees. In addition, it includes funds received from, and paid to, the franchisees for real estate appraisals. Lastly, it includes funds in a savings account to offset National E & O premium deductible liability. These funds are required to be maintained in separate bank accounts.~~

~~Accounts Receivable~~

~~The Company periodically assesses the collectability of accounts receivable, and makes allowances for accounts considered uncollectible. As of December 31, 2017 and 2016, no allowance for doubtful accounts was considered necessary.~~

~~Revenue Recognition~~

~~Franchise fee revenue is recognized when substantially all significant Company services have been provided. Initial technology infrastructure fee revenue is recognized when the related technology has been~~

provided to the franchisee. Royalties are recognized when earned on a monthly basis. The franchise agreement gives the Company the right to charge marketing services and technology services fees for a period of up to twelve months. When the Company charges these fees, the revenues are recognized on a monthly basis. The Company began charging these fees again as of December 2017.

VALBRIDGE PROPERTY ADVISORS FRANCHISING SYSTEMS, LLC NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Revenue Recognition (Continued)

Appraisal fees are recognized after the service is performed in the period in which the service was performed.

require that deferred

Income Taxes

The Company was organized in 2013 as a limited liability company and elected to be taxed as a flow through entity. Accordingly, VPA has consented to include the taxable income of the Company on its income tax returns. Therefore, the Company's financial statements do not include any provision for income taxes.

The Company has concluded that as of December 31, 2017 and 2016, be recognized for the tax effects of differences, there were no uncertain tax positions taken or expected to be taken by the Company that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Fair Value Measurements

The Company follows ASC No. 820, *Fair Value Measurements and Disclosures*. The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between the financial and tax bases of assets and liabilities and for operating losses and tax credits that are available to offset market participants at the measurement date. The Company uses fair value measurements based on quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) or unobservable inputs for assets or liabilities (Level 3), depending on the nature of the item being valued. The Company discloses on a yearly basis the valuation techniques and discloses any change in method of such within the body of each applicable footnote. The estimated fair values may not be representative of actual values that will be realized or settled in the future.

taxable income. The Company has not recorded deferred taxes in the accompanying financial statements. Management has not determined the

At December 31, 2017 and 2016, the Company has no instruments that require additional disclosure. The carrying amounts of the Company's financial instruments including cash and equivalents, accounts receivable and accounts payable approximate fair value because of the short period to maturity for these instruments and/or market interest rates.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenues from Contracts with Customers* (Topic 606) ("ASU 2014-09"), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for the Company beginning in 2019. Early adoption is not permitted. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Company is currently evaluating the impact of adopting the new revenue standard on its of this departure on the financial statements.

~~VALBRIDGE PROPERTY ADVISORS FRANCHISING~~
~~SYSTEMS, LLC NOTES TO FINANCIAL STATEMENTS~~

~~December 31, 2017~~

~~NOTE 1 — NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES~~
~~(continued)~~

~~Commitments and Contingencies~~

~~In the normal course of conducting its operations, the Company may occasionally become party to various legal actions and proceedings. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have a material impact on the Company's financial position, results of operations or cash flows. While management believes that the Company has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Company.~~

~~Subsequent Events~~

~~Management has evaluated subsequent events through September 5, 2018, the date which the financial statements were available to be issued.~~

~~NOTE 2 — FRANCHISING ACTIVITY~~

~~During the year ended December 31, 2016, one network member of VPA was converted to a franchise of the Company. At December 31, 2017, the Company had 43 active franchises. At December 31, 2016, the Company had 44 active franchises.~~

The accompanying supplemental schedules include the consolidating balance sheet as of March 31, 2022, and the related consolidating statements of operations, and cash flows for the three-month and one-month periods then ended for Valbridge Property Advisors, Inc., Valbridge Franchising Systems, LLC, and VPA Data Solutions, LLC. This information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to Valbridge Property Advisors, Inc. and its affiliates.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington
May 25, 2022



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Valbridge Property Advisors, Inc.
Consolidated Balance Sheet
March 31, 2022
(See Accountant's Compilation Report)

<u>ASSETS</u>		<u>Mar 22</u>
<u>Current Assets</u>		
Checking/Savings	\$	1,436,343
Accounts Receivable		373,740
USPS Receivable		233,850
<u>I/C TRANSFERS</u>		
Valbridge Franchising Canada		1,500
Valbridge Property Advisors		-
Data Appraise Systems LLC		-
<u>Total I/C TRANSFERS</u>		<u>1,500</u>
Prepaid Expenses		117,149
<u>Total Current Assets</u>		<u>2,162,582</u>
<u>Fixed Assets</u>		
Proprietary Software		414,395
VPA National Database		205,798
Accumulated Amortization		(376,060)
Furniture and Equipment		3,103
Accumulated Depreciation		(3,103)
<u>Total Fixed Assets</u>		<u>244,133</u>
<u>Other Assets</u>		
Investment - Tuco Tec, LLC		6,000
<u>Total Other Assets</u>		<u>6,000</u>
<u>Total ASSETS</u>	<u>\$</u>	<u>2,412,715</u>

Valbridge Property Advisors, Inc.
Consolidated Balance Sheet
March 31, 2022
(See Accountant's Compilation Report)

LIABILITIES AND EQUITY

	<u>Mar 22</u>
<u>Current Liabilities</u>	
<u>Accounts Payable</u>	\$ <u>76,094</u>
<u>Appraisal Fees</u>	<u>15,600</u>
<u>Credit Cards Payable</u>	<u>194,355</u>
<u>CoStar Contract Payable</u>	<u>22,605</u>
<u>Current Portion LTD</u>	<u>39,406</u>
<u>Other Current Liabilities</u>	<u>444,428</u>
<u>Total Current Liabilities</u>	<u>792,488</u>
<u>Long-Term Liabilities</u>	
<u>Note Payable - Capital Land</u>	<u>193,165</u>
<u>Less Current Portion LTD</u>	<u>(35,699)</u>
<u>EAI VB Note Payable</u>	<u>33,425</u>
<u>Less Current Portion LTD</u>	<u>(3,707)</u>
<u>Total Long-Term Liabilities</u>	<u>187,184</u>
<u>Equity</u>	
<u>Paid-In Capital</u>	<u>848,000</u>
<u>VPA Inc - Stock</u>	<u>240,500</u>
<u>Retained Earnings</u>	<u>393,226</u>
<u>Net Income (Loss)</u>	<u>(48,683)</u>
<u>Total Equity</u>	<u>1,433,043</u>
<u>Total LIABILITIES AND EQUITY</u>	<u>\$ 2,412,715</u>

Valbridge Property Advisors, Inc.
Consolidated Statement of Operations
Three Months Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>Consolidated</u>	<u>% of Revenue</u>
<u>Total Income</u>	<u>\$ 809,873</u>	<u>100.00%</u>
<u>Expenses</u>		
Accounting Fees	33,928	4.19%
Advertising and Promotion	70,962	8.76%
Amortization Expense	19,465	2.40%
Bad Debt	4,325	0.53%
Bank Service Charges	1,487	0.18%
Business Licenses and Permits	1,047	0.13%
Computer and Internet Expenses	25,181	3.11%
Contract Labor	14,850	1.83%
CoStar Fees / Open Seats	6,002	0.74%
Dues and Subscriptions	5,828	0.72%
Insurance Expense	23,248	2.87%
Interest Expense	3,116	0.38%
Management Fee	105,434	13.02%
Meals and Entertainment	4,500	0.56%
Merchant Account Fees	3,382	0.42%
Office Expenses	2,675	0.33%
Payroll Expenses	280,225	34.60%
Postage and Delivery	(38)	(0.00%)
Professional Fees	94,123	11.62%
Shareholder Meeting Expenses	14,365	1.77%
Software & IT Expense	99,813	12.32%
Tax & License	851	0.11%
Telephone Expense	8,728	1.08%
Travel Expense	18,749	2.32%
USPS Management Fees	14,850	1.83%
USPS Miscellaneous Expenses	1,450	0.18%
<u>Total Expenses</u>	<u>858,556</u>	<u>106.01%</u>
 <u>Net Income (Loss)</u>	 <u>\$ (48,683)</u>	 <u>(6.01%)</u>

Valbridge Property Advisors, Inc.
Consolidated Statement of Operations
Month Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>Consolidated</u>	<u>% of Revenue</u>
<u>Total Income</u>	<u>\$ 287,360</u>	<u>100.00%</u>
<u>Expenses</u>		
Accounting Fees	11,310	3.94%
Advertising and Promotion	22,880	7.96%
Amortization Expense	6,490	2.26%
Bad Debt	1,275	0.44%
Bank Service Charges	565	0.20%
Computer and Internet Expenses	7,302	2.54%
Contract Labor	5,010	1.74%
CoStar Fees / Open Seats	667	0.23%
Dues and Subscriptions	1,458	0.51%
Insurance Expense	7,574	2.64%
Interest Expense	1,956	0.68%
Management Fee	48,478	16.87%
Meals and Entertainment	36	0.01%
Merchant Account Fees	1,766	0.61%
Office Expenses	2,138	0.74%
Payroll Expenses	100,204	34.87%
Postage and Delivery	46	0.02%
Professional Fees	39,566	13.77%
Shareholder Meeting Expenses	14,365	5.00%
Software & IT Expense	11,331	3.94%
Tax & License	1	0.00%
Telephone Expense	2,420	0.84%
Travel Expense	4,735	1.65%
USPS Management Fees	9,900	3.45%
USPS Miscellaneous Expenses	1,001	0.35%
<u>Total Expenses</u>	<u>302,468</u>	<u>105.26%</u>
 <u>Net Income (Loss)</u>	 <u>\$ (15,108)</u>	 <u>(5.26%)</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Balance Sheet
March 31, 2022
(See Accountant's Compilation Report)

ASSETS

	VPA INC	VPAFS	VPA DS	Consolidating
Current Assets				
Checking/Savings				
Commercial Card Checking #9653	\$ -	\$ 81,051	\$ -	\$ 81,051
Medical Premium Account #1466	-	227,468	-	227,468
Operating Account #8742	-	-	60,942	60,942
Operating Account #9744	13,102	-	-	13,102
Operating Account #9885	-	507,129	-	507,129
Payroll Account #9751	2,832	-	-	2,832
Savings Account #4828	-	268,772	-	268,772
Savings Account #6489	-	112,875	-	112,875
USPS Account BOA #3977	-	60,386	-	60,386
Total Checking/Savings	15,935	1,257,683	60,942	1,334,559
Accounts Receivable				
Accounts Receivable	-	366,545	-	366,545
Miscellaneous Receivable	-	-	-	-
Total Accounts Receivable	-	366,545	-	366,545
I/C TRANSFERS				
Data Appraise Systems	907,129	662,579	-	1,569,708
Valbridge Franchising Canada	1,500	-	-	1,500
Valbridge Property Advisors	(6,478,197)	6,478,197	-	-
VPA Data Solutions	-	58,213	(58,213)	-
Total I/C TRANSFERS	(5,569,568)	7,198,989	(58,213)	1,571,208
Prepaid Expenses	7,496	99,001	-	106,497
USPS Receivable	-	233,850	-	233,850
Total Current Assets	(5,546,138)	9,156,068	2,729	3,612,660
Fixed Assets				
Proprietary Software	-	183,540	-	183,540
VPA National Database	-	-	205,798	205,798
Accumulated Amortization	-	(12,236)	(132,969)	(145,205)
Furniture and Equipment	3,103	-	-	3,103
Accumulated Depreciation	(3,103)	-	-	(3,103)
Total Fixed Assets	-	171,304	72,829	244,133
Other Assets				
Investment - Tuco Tec, LLC	6,000	-	-	6,000
Total Other Assets	6,000	-	-	6,000
Total ASSETS	\$ (5,540,138)	\$ 9,327,372	\$ 75,559	\$ 3,862,793

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Balance Sheet
March 31, 2022
(See Accountant's Compilation Report)

LIABILITIES AND EQUITY

	<u>VPA INC</u>	<u>VPAFS</u>	<u>VPA DS</u>	<u>Consolidating</u>
<u>Current Liabilities</u>				
<u>Accounts Payable</u>				
Accounts Payable	\$ -	\$ 61,907	\$ -	\$ 61,907
<u>Total Accounts Payable</u>	-	<u>61,907</u>	-	<u>61,907</u>
<u>Credit Cards Payable</u>				
Armalavage, Rick - 3806	-	3,714	-	3,714
Coleman, Shaun - 0522	-	320	-	320
Finkelstein, Karl - 0642	-	2,280	-	2,280
Lantz, Chris - 3764	-	1,399	-	1,399
Patchin, David - 3871	-	1,223	-	1,223
Perry, Karlene - 3798	-	179,606	-	179,606
Roper, Jeff - 3863	-	1,715	-	1,715
Rick Armalavage - WF Visa	4,098	-	-	4,098
<u>Credit Cards Payable</u>	<u>4,098</u>	<u>190,258</u>	-	<u>194,355</u>
Appraisal Fees	-	15,600	-	15,600
CoStar Contract Payable	-	22,605	-	22,605
Current Portion LTD	3,707	-	-	3,707
Deferred Revenue	-	1,248	-	1,248
Life Insurance Payable	-	443	-	444
Medical Premiums Payable	-	56,557	-	56,558
Meeting Prepayments	-	13,325	-	13,325
Miscellaneous Payable	10,000	6,222	-	16,222
National E&O Deductible Reserve	-	98,694	-	98,694
USPS Payable	-	231,950	-	231,950
<u>Total Current Liabilities</u>	<u>17,805</u>	<u>698,809</u>	-	<u>716,614</u>
<u>Long-Term Liabilities</u>				
EAIVB Note Payable	33,425	-	-	33,425
Less Current Portion LTD	(3,707)	-	-	(3,707)
<u>Total Long-Term Liabilities</u>	<u>29,718</u>	-	-	<u>29,718</u>
<u>Equity</u>				
Member Equity	-	40,000	-	40,000
Paid-In Capital	848,000	-	-	848,000
VPA Inc - Stock	240,500	-	-	240,500
Retained Earnings	(6,446,777)	8,446,699	85,987	2,085,909
Net Income (Loss)	(229,383)	141,864	(10,429)	(97,948)
<u>Total Equity</u>	<u>(5,587,660)</u>	<u>8,628,563</u>	<u>75,559</u>	<u>3,116,461</u>
<u>Total LIABILITIES AND EQUITY</u>	<u>\$ (5,540,138)</u>	<u>\$ 9,327,372</u>	<u>\$ 75,559</u>	<u>\$ 3,862,793</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations
Three Months Ended March 31, 2022
(See Accountant's Compilation Report)

	VPA INC	VPAFS	VPA DS	Consolidating	% of Revenue
Income					
CoStar Admin Fees	\$ -	\$ 15,395	\$ -	\$ 15,395	2.51%
Dues Income	-	579,753	-	579,753	94.52%
Franchise Fees Income	-	-	-	-	0.00%
Interest Income	-	9	-	9	0.00%
Referral Fee Income	-	-	-	-	0.00%
USPS Markup Fees	-	18,190	-	18,190	2.97%
Total Income	-	613,348	-	613,348	100.00%
Expenses					
Accounting Fees	-	26,400	-	26,400	4.30%
Advertising and Promotion	195	70,767	-	70,961	11.57%
Amortization Expense	-	9,177	10,290	19,467	3.17%
Bank Service Charges	565	759	-	1,324	0.22%
Business Licenses and Permits	150	758	139	1,047	0.17%
Computer and Internet Expenses	-	2,316	-	2,316	0.38%
CoStar Fees / Open Seats	-	6,002	-	6,002	0.98%
Dues and Subscriptions					
Miscellaneous Dues & Subscriptions	978	1,199	-	2,177	0.35%
NMHC Dues	-	1,250	-	1,250	0.20%
RERC Subscription	-	1,500	-	1,500	0.24%
Dues and Subscriptions	978	3,949	-	4,927	0.80%
Insurance Expense					
D&O Insurance	889	889	-	1,778	0.29%
EPLI Insurance	219	219	-	438	0.07%
General Liability Insurance	301	2,862	-	3,163	0.52%
Key Man Insurance	15,702	-	-	15,702	2.56%
Insurance Expense	17,111	3,970	-	21,081	3.44%
Interest Expense	813	-	-	813	0.13%
Management Fee	-	105,434	-	105,434	17.19%
Meals & Entertainment	1,152	3,239	-	4,390	0.72%
Office Supplies	2,206	127	-	2,332	0.38%
Payroll Expenses					
Employee Wages	88,188	-	-	88,188	14.38%
Officer Payroll	87,031	-	-	87,031	14.19%
401k Company Match	3,906	-	-	3,906	0.64%
Health Insurance	4,975	-	-	4,975	0.81%
Life Insurance	109	-	-	109	0.02%
PR Taxes - Employer	13,576	-	-	13,576	2.21%
Payroll Expenses	197,786	-	-	197,786	32.25%

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations
Three Months Ended March 31, 2022
(See Accountant's Compilation Report)

	VPA INC	VPAFS	VPA DS	Consolidating	% of Revenue
<u>Expenses - continued</u>					
Postage and Delivery	-	(45)	-	(45)	(0.01%)
<u>Professional Fees</u>					
Audit & Tax Expense	-	7,500	-	7,500	1.22%
Legal Expense	-	70,490	-	70,490	11.49%
Professional Services	830	11,750	-	12,580	2.05%
Training Expense	-	2,709	-	2,709	0.44%
<u>Professional Fees</u>	<u>830</u>	<u>92,449</u>	<u>-</u>	<u>93,279</u>	<u>15.21%</u>
Shareholder Meeting Expenses	4,064	10,301	-	14,365	2.34%
Software & IT Expense	-	99,813	-	99,813	16.27%
<u>Tax & License</u>					
Federal Taxes	-	2	-	2	0.00%
<u>Tax & License</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>0.00%</u>
Telephone Expense	90	7,875	-	7,965	1.30%
Travel Expense	3,441	11,893	-	15,334	2.50%
USPS Management Fees	-	14,850	-	14,850	2.42%
USPS Miscellaneous Expenses	-	1,450	-	1,450	0.24%
<u>Total Expenses</u>	<u>229,383</u>	<u>471,484</u>	<u>10,429</u>	<u>711,295</u>	<u>115.97%</u>
 <u>Net Income (Loss)</u>	 <u>\$ (229,383)</u>	 <u>\$ 141,864</u>	 <u>\$ (10,429)</u>	 <u>\$ (97,948)</u>	 <u>(15.97%)</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations
Month Ended March 31, 2022
(See Accountant's Compilation Report)

	VPA INC	VPAFS	VPA DS	Consolidating	% of Revenue
Income					
CoStar Admin Fees	\$ -	\$ 4,896	\$ -	\$ 4,896	2.33%
Dues Income	-	193,251	-	193,251	91.90%
Franchise Fees Income	-	-	-	-	0.00%
Interest Income	-	3	-	3	0.00%
Referral Fee Income	-	-	-	-	0.00%
USPS Markup Fees	-	12,127	-	12,127	5.77%
Total Income	-	210,277	-	210,277	100.00%
Expenses					
Accounting Fees	-	8,800	-	8,800	4.18%
Advertising and Promotion	65	22,816	-	22,882	10.88%
Amortization Expense	-	3,059	3,430	6,489	3.09%
Bank Service Charges	262	250	-	512	0.24%
CoStar Fees / Open Seats	-	667	-	667	0.32%
Dues and Subscriptions					
Miscellaneous Dues & Subscriptions	-	400	-	400	0.19%
NMHC Dues	-	417	-	417	0.20%
RERC Subscription	-	500	-	500	0.24%
Dues and Subscriptions	-	1,316	-	1,316	0.63%
Insurance Expense					
D&O Insurance	302	302	-	604	0.29%
EPLI Insurance	76	76	-	152	0.07%
General Liability Insurance	-	954	-	954	0.45%
Key Man Insurance	5,234	-	-	5,234	2.49%
Insurance Expense	5,612	1,332	-	6,943	3.30%
Interest Expense	813	-	-	813	0.39%
Management Fee	-	48,478	-	48,478	23.05%
Meals & Entertainment	16	-	-	16	0.01%
Office Supplies	2,026	-	-	2,026	0.96%
Payroll Expenses					
Employee Wages	29,396	-	-	29,396	13.98%
Officer Payroll	35,677	-	-	35,677	16.97%
401k Company Match	1,302	-	-	1,302	0.62%
Health Insurance	1,658	-	-	1,658	0.79%
Life Insurance	36	-	-	36	0.02%
PR Taxes - Employer	4,218	-	-	4,218	2.01%
Payroll Expenses	72,288	-	-	72,288	34.38%
Postage and Delivery	-	45	-	45	0.02%
Professional Fees					
Audit & Tax Expense	-	7,500	-	7,500	3.57%
Legal Expense	-	24,434	-	24,434	11.62%
Professional Services	-	5,875	-	5,875	2.79%
Training Expense	-	1,757	-	1,757	0.84%
Professional Fees	-	39,566	-	39,566	18.82%

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations
Month Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>VPA INC</u>	<u>VPAFS</u>	<u>VPA DS</u>	<u>Consolidating</u>	<u>% of Revenue</u>
<u>Expenses - continued</u>					
<u>Tax & License</u>					
<u>Federal Taxes</u>	-	<u>1</u>	-	<u>1</u>	<u>0.00%</u>
<u>Tax & License</u>	-	<u>1</u>	-	<u>1</u>	<u>0.00%</u>
<u>Shareholder Meeting Expenses</u>	<u>4,064</u>	<u>10,301</u>	-	<u>14,365</u>	<u>6.83%</u>
<u>Software & IT Expense</u>	-	<u>11,331</u>	-	<u>11,331</u>	<u>5.39%</u>
<u>Telephone Expense</u>	<u>30</u>	<u>2,323</u>	-	<u>2,353</u>	<u>1.12%</u>
<u>Travel Expense</u>	<u>3,342</u>	<u>7</u>	-	<u>3,349</u>	<u>1.59%</u>
<u>USPS Management Fees</u>	-	<u>9,900</u>	-	<u>9,900</u>	<u>4.71%</u>
<u>USPS Miscellaneous Expenses</u>	-	<u>1,000</u>	-	<u>1,000</u>	<u>0.48%</u>
<u>Total Expenses</u>	<u>88,518</u>	<u>161,191</u>	<u>3,430</u>	<u>253,139</u>	<u>120.38%</u>
 <u>Net Income (Loss)</u>	 <u>\$ (88,518)</u>	 <u>\$ 49,086</u>	 <u>\$ (3,430)</u>	 <u>\$ (42,862)</u>	 <u>(20.38%)</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Cash Flows
Three Months Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>VPA INC</u>		<u>VPAFS</u>		<u>VPA DS</u>		<u>Consolidating</u>
<u>OPERATING ACTIVITIES</u>							
Net Income (Loss)	\$	(229,383)	\$	141,864	\$	(10,429)	\$ (97,948)
<u>Adjustments to reconcile Net Income to Net Cash provided by operations:</u>							
Accounts Payable		-		46,159		-	46,159
Accounts Receivable		-		(140,775)		-	(140,775)
Accumulated Amortization		-		9,178		10,290	19,468
CoStar Contract Payable		-		7,572		-	7,572
Credit Cards Payable		1,412		40,438		-	41,850
Data Appraise Systems		(4,832)		(32,180)		-	(37,012)
Life Insurance Payable		-		443		-	443
Medical Premiums Payable		-		56,557		-	56,557
Meeting Prepayments		-		13,325		-	13,325
Miscellaneous Payable		10,000		1,340		-	11,340
Miscellaneous Receivable		-		-		-	-
Prepaid Deposits		-		10,077		-	10,077
Prepaid Expenses		(7,143)		130,309		-	123,166
Stephen D Lunceford Irrevocable Trust		-		7,800		-	7,800
USPS Payable		-		(5,350)		-	(5,350)
USPS Receivable		-		9,950		-	9,950
Valbridge I/C Transfers		172,597		(172,736)		139	-
<u>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</u>		<u>172,034</u>		<u>(17,896)</u>		<u>10,429</u>	<u>164,567</u>
<u>Net cash provided by operating activities</u>		<u>(57,349)</u>		<u>123,968</u>		<u>-</u>	<u>66,619</u>
<u>Financing Activities</u>							
EAIVB Note Payable		(901)		-		-	(901)
<u>Net cash provided by financing activities</u>		<u>(901)</u>		<u>-</u>		<u>-</u>	<u>(901)</u>
<u>Net cash increase for period</u>		<u>(58,250)</u>		<u>123,968</u>		<u>-</u>	<u>65,718</u>
<u>Cash at beginning of period</u>		<u>74,184</u>		<u>1,133,715</u>		<u>60,942</u>	<u>1,268,841</u>
<u>Cash at end of period</u>	<u>\$</u>	<u>15,935</u>	<u>\$</u>	<u>1,257,683</u>	<u>\$</u>	<u>60,942</u>	<u>\$ 1,334,559</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Cash Flows
Month Ended March 31, 2022
(See Accountant's Compilation Report)

	VPA INC	VPAFS	VPA DS	Consolidating
<u>OPERATING ACTIVITIES</u>				
Net Income (Loss)	\$ (88,518)	\$ 49,086	\$ (3,430)	\$ (42,862)
<u>Adjustments to reconcile Net Income to Net Cash provided by operations:</u>				
Accounts Payable	-	(17,286)	-	(17,286)
Accounts Receivable	-	45,229	-	45,229
Accumulated Amortization	-	3,060	3,430	6,490
CoStar Contract Payable	-	1,482	-	1,482
Credit Cards Payable	(7,495)	26,795	-	19,300
Data Appraise Systems	(4,532)	(6,869)	-	(11,401)
Life Insurance Payable	-	(2,352)	-	(2,352)
Medical Premiums Payable	-	174,449	-	174,449
Meeting Prepayments	-	(39,067)	-	(39,067)
Miscellaneous Payable	10,000	(448)	-	9,552
Miscellaneous Receivable	-	-	-	-
Prepaid Deposits	194	9,542	-	9,736
Prepaid Expenses	1,915	(11,801)	-	(9,886)
Stephen D Lunceford Irrevocable Trust	-	7,800	-	7,800
USPS Payable	-	13,950	-	13,950
USPS Receivable	-	(17,800)	-	(17,800)
Valbridge I/C Transfers	88,046	(88,046)	-	-
<u>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</u>	<u>88,128</u>	<u>98,635</u>	<u>3,430</u>	<u>190,193</u>
<u>Net cash provided by operating activities</u>	<u>(391)</u>	<u>147,721</u>	<u>-</u>	<u>147,330</u>
<u>Financing Activities</u>				
EAIVB Note Payable	(901)	-	-	(901)
<u>Net cash provided by financing activities</u>	<u>(901)</u>	<u>-</u>	<u>-</u>	<u>(901)</u>
<u>Net cash increase for period</u>	<u>(1,292)</u>	<u>147,721</u>	<u>-</u>	<u>146,429</u>
<u>Cash at beginning of period</u>	<u>17,226</u>	<u>1,109,961</u>	<u>60,942</u>	<u>1,188,130</u>
<u>Cash at end of period</u>	<u>\$ 15,935</u>	<u>\$ 1,257,683</u>	<u>\$ 60,942</u>	<u>\$ 1,334,559</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations Budget v. Actual
Three Months Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>Consolidating</u>	<u>Budget</u>	<u>Over / (Under)</u>
<u>Income</u>			
CoStar Admin Fees	\$ 15,395	\$ 15,000	\$ 395
Dues Income	579,753	578,058	1,695
Franchise Fees Income	-	-	-
Interest Income	9	63	(53)
Referral Fee Income	-	1,250	(1,250)
USPS Markup Fees	18,190	24,063	(5,873)
<u>Total Income</u>	<u>613,348</u>	<u>618,433</u>	<u>(5,085)</u>
<u>Expenses</u>			
Accounting Fees	26,400	26,400	-
<u>Advertising and Promotion</u>			
Deliverables / Gifts	3,696	4,250	(554)
Email Newsletter	2,097	2,125	(28)
Linked In Display Ads	-	2,000	(2,000)
Monitoring & Misc	3,304	14,125	(10,821)
Monthly Marketing	27,000	27,000	-
Professional Memberships	1,625	2,875	(1,250)
Prospective Meetings / Travel	-	1,500	(1,500)
Trade Show / Conference Fees	11,790	27,600	(15,810)
Trade Show / Conference Travel & Meals	19,987	24,750	(4,763)
Website & Intranet	1,463	900	563
<u>Total Advertising and Promotion</u>	<u>70,962</u>	<u>107,125</u>	<u>(36,163)</u>
Amortization Expense	19,467	-	19,467
Bad Debt	-	1,175	(1,175)
Bank Service Charges	1,323	1,250	73
Business Licenses and Permits	1,046	-	1,046
Charitable Contributions	-	250	(250)
Computer and Internet Expenses	2,316	-	2,316
CoStar Fees / Open Seats	6,002	-	6,002
Depreciation Expense	-	100	(100)
<u>Dues and Subscriptions</u>			
Miscellaneous Dues & Subscriptions	2,177	2,250	(73)
NMHC Dues	1,250	1,250	-
RERC Subscription	1,500	1,500	-
<u>Dues and Subscriptions</u>	<u>4,927</u>	<u>5,000</u>	<u>(73)</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations Budget v. Actual
Three Months Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>Consolidating</u>	<u>Budget</u>	<u>Over / (Under)</u>
<u>Expenses - continued</u>			
<u>Insurance Expense</u>			
<u>D&O Insurance</u>	<u>1,779</u>	<u>1,800</u>	<u>(21)</u>
<u>EPLI Insurance</u>	<u>438</u>	<u>450</u>	<u>(12)</u>
<u>General Liability Insurance</u>	<u>3,162</u>	<u>3,090</u>	<u>72</u>
<u>Key Man Insurance</u>	<u>15,702</u>	<u>15,702</u>	<u>-</u>
	<u>21,081</u>	<u>21,042</u>	<u>39</u>
<u>Insurance Expense</u>			
<u>Interest Expense</u>	<u>813</u>	<u>1,750</u>	<u>(937)</u>
<u>Management Fee</u>	<u>105,434</u>	<u>105,433</u>	<u>1</u>
<u>Meals & Entertainment</u>	<u>4,391</u>	<u>2,500</u>	<u>1,891</u>
<u>Merchant Account Fees</u>	<u>-</u>	<u>700</u>	<u>(700)</u>
<u>Office Supplies</u>	<u>2,333</u>	<u>1,250</u>	<u>1,083</u>
<u>Payroll Expenses</u>			
<u>Employee Wages</u>	<u>88,188</u>	<u>88,188</u>	<u>-</u>
<u>Officer Payroll</u>	<u>87,031</u>	<u>87,032</u>	<u>(1)</u>
<u>401k Company Match</u>	<u>3,906</u>	<u>5,260</u>	<u>(1,353)</u>
<u>Health Insurance</u>	<u>4,975</u>	<u>7,780</u>	<u>(2,804)</u>
<u>Life Insurance</u>	<u>109</u>	<u>119</u>	<u>(10)</u>
<u>PR Taxes - Employer</u>	<u>13,576</u>	<u>13,260</u>	<u>316</u>
	<u>197,786</u>	<u>201,639</u>	<u>(3,853)</u>
<u>Payroll Expenses</u>			
<u>Postage and Delivery</u>	<u>(45)</u>	<u>3,750</u>	<u>(3,795)</u>
<u>Professional Fees</u>			
<u>Audit & Tax Expense</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
<u>Legal Expense</u>	<u>70,490</u>	<u>40,000</u>	<u>30,490</u>
<u>Professional Services</u>	<u>12,580</u>	<u>-</u>	<u>12,580</u>
<u>Training Expense</u>	<u>2,709</u>	<u>3,000</u>	<u>(291)</u>
	<u>93,279</u>	<u>43,000</u>	<u>50,279</u>
<u>Professional Fees</u>			
<u>Shareholder Meeting Expenses</u>	<u>14,365</u>	<u>10,000</u>	<u>4,365</u>
<u>Software & IT Expense</u>	<u>99,813</u>	<u>43,525</u>	<u>56,288</u>
<u>Tax & License</u>	<u>2</u>	<u>550</u>	<u>(548)</u>
<u>Telephone Expense</u>	<u>7,965</u>	<u>4,590</u>	<u>3,375</u>
<u>Travel Expense</u>	<u>15,334</u>	<u>12,500</u>	<u>2,834</u>
<u>USPS Management Fees</u>	<u>14,850</u>	<u>17,500</u>	<u>(2,650)</u>
<u>USPS Miscellaneous Expenses</u>	<u>1,450</u>	<u>2,188</u>	<u>(738)</u>
	<u>711,295</u>	<u>613,216</u>	<u>98,079</u>
<u>Total Expenses</u>			
	<u>711,295</u>	<u>613,216</u>	<u>98,079</u>
<u>Other Expenses</u>			
<u>Reserves & Contingencies</u>	<u>-</u>	<u>11,362</u>	<u>(11,362)</u>
	<u>-</u>	<u>11,362</u>	<u>(11,362)</u>
<u>Total Other Expenses</u>			
	<u>-</u>	<u>11,362</u>	<u>(11,362)</u>
<u>Net Income (Loss)</u>	<u>\$ (97,948)</u>	<u>\$ (6,145)</u>	<u>\$ (91,803)</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations Budget v. Actual
Month Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>Consolidating</u>	<u>Budget</u>	<u>Over / (Under)</u>
<u>Income</u>			
CoStar Admin Fees	\$ 4,896	\$ 5,000	\$ (104)
Dues Income	193,251	192,686	565
Franchise Fees Income	-	-	-
Interest Income	3	21	(18)
Referral Fee Income	-	417	(417)
USPS Markup Fees	12,127	8,021	4,106
<u>Total Income</u>	<u>210,277</u>	<u>206,144</u>	<u>4,133</u>
<u>Expenses</u>			
Accounting Fees	8,800	8,800	-
<u>Advertising and Promotion</u>			
Deliverables / Gifts	1,095	583	512
Email Newsletter	699	708	(9)
Monitoring & Misc	722	4,708	(3,986)
Monthly Marketing	9,000	9,000	-
Professional Memberships	542	958	(417)
Prospective Meetings / Travel	-	500	(500)
Trade Show / Conference Fees	2,850	1,100	1,750
Trade Show / Conference Travel & Meals	7,872	4,750	3,122
Website & Intranet	100	300	(200)
<u>Total Advertising and Promotion</u>	<u>22,880</u>	<u>22,608</u>	<u>272</u>
Amortization Expense	6,489	-	6,489
Bad Debt	-	392	(392)
Bank Service Charges	512	417	96
Charitable Contributions	-	83	(83)
CoStar Fees / Open Seats	667	-	667
Depreciation Expense	-	33	(33)
<u>Dues and Subscriptions</u>			
Miscellaneous Dues & Subscriptions	400	750	(350)
NMHC Dues	417	417	-
RERC Subscription	500	500	-
<u>Dues and Subscriptions</u>	<u>1,316</u>	<u>1,667</u>	<u>(350)</u>
<u>Insurance Expense</u>			
D&O Insurance	604	600	4
EPLI Insurance	151	150	1
General Liability Insurance	954	1,030	(76)
Key Man Insurance	5,234	5,234	-
<u>Insurance Expense</u>	<u>6,943</u>	<u>7,014</u>	<u>(71)</u>

Valbridge Property Advisors, Inc.
Supplementary Information - Consolidating Statement of Operations Budget v. Actual
Month Ended March 31, 2022
(See Accountant's Compilation Report)

	<u>Consolidating</u>	<u>Budget</u>	<u>Over / (Under)</u>
<u>Expenses - continued</u>			
Interest Expense	813	583	230
Management Fee	48,478	48,477	1
Merchant Account Fees	-	233	(233)
Meals & Entertainment	16	833	(817)
Office Supplies	2,026	417	1,610
<u>Payroll Expenses</u>			
Employee Wages	29,396	29,396	-
Officer Payroll	35,677	35,678	(1)
401k Company Match	1,302	1,753	(451)
Health Insurance	1,658	2,593	(935)
Life Insurance	36	40	(4)
PR Taxes - Employer	4,218	4,420	(202)
<u>Payroll Expenses</u>	72,288	73,880	(1,592)
Postage and Delivery	45	1,250	(1,205)
<u>Professional Fees</u>			
Audit & Tax Expense	7,500	-	7,500
Legal Expense	24,434	13,333	11,101
Professional Services	5,875	-	5,875
Training Expense	1,757	1,000	757
<u>Professional Fees</u>	39,566	14,333	25,233
Shareholder Meeting Expenses	14,365	10,000	4,365
Software & IT Expense	11,331	14,508	(3,178)
Tax & License	1	183	(183)
Telephone Expense	2,353	1,530	823
Travel Expense	3,349	4,167	(818)
USPS Management Fees	9,900	5,833	4,067
USPS Miscellaneous Expenses	1,000	729	271
<u>Total Expenses</u>	253,139	217,972	35,167
<u>Other Expenses</u>			
Reserves & Contingencies	-	3,787	(3,787)
<u>Total Other Expenses</u>	-	3,787	(3,787)
<u>Net Income (Loss)</u>	\$ (42,862)	\$ (15,615)	\$ (27,247)

NOTE 3 — RELATED PARTY TRANSACTIONS

~~The Company has entered into a licensing agreement for the use of certain brand and service marks and business systems owned by VPA. For the years ended December 31, 2017 and 2016, the Company paid VPA a total of \$80,700 and \$83,700, respectively, for licensing fees. The Company periodically advances monies to VPA in the ordinary course of business. At December 31, 2017 and 2016, these advances totaled \$3,369,449 and \$2,163,341, respectively, and are non-interest bearing with no fixed date of repayment.~~

EXHIBIT F - TRADEMARK LICENSE
From our Parent to Us

LICENSE AGREEMENT

This License Agreement is made this 1st day of June, 2013, and effective as of the 1st day of March, 2013 (the “**Effective Date**”), by and between Valbridge Property Advisors Inc., a Florida corporation (hereinafter referred to as “**Licensor**”), and Valbridge Property Advisors Franchising Systems, LLC, a Florida limited liability company (hereinafter referred to as “**Licensee**”).

BACKGROUND

Licensor is the parent of licensee and expended time, effort and money developing the ‘Valbridge Property Advisors’ brand and service marks and certain systems and know-how all for the purpose of, and to be utilized in connection with, Licensee’s marketing and franchising of a business system for the rendition of appraisal and consulting services business and Licensee’s franchisee’s undertaking of such business. Licensor is currently pursuing registration of the principal service mark of the brand.

AGREEMENT

NOW THEREFORE, the parties agree as follows:

1. **Definitions.**

“**Confidential Information**” means all non-public or proprietary information of, about, contained in, or relating to any of Licensor, Licensor’s Intangible Property (in whole and in part), or any Mark, and all of the information, processes, systems and methods disclosed by Licensor, from time to time, including, without limitation, Licensor’s trade secrets, know-how, methodologies, arrangements, development plans and criteria; provided, however, that Confidential Information shall not include any of the foregoing that is publicly known and generally available upon reasonable inspection that did not become so as a result of a breach of an obligation to Licensor.

“**Contract Party Business**” means marketing, promoting and rendering real or personal property appraisal and consulting services and undertaking such other activities as may be incidental or related thereto (e.g., marketing and promotion of such services).

“**Improvement**” means each improvement to, or enhancement or modification of, the Licensor Intangible Properties or the Confidential Information related thereto, that is made by any of Licensee, Licensee Contract Parties or any of their individual or collective employees, contractors or subcontractors.

“**Intellectual Property Rights**” shall mean any and all rights to exclude third parties from time to time in a specific jurisdiction by virtue of patent law, trade-secret law, trademark law, unfair competition law, or copyright law.

“**Licensee’s Business**” means the business of: (A) developing, marketing, and promoting a nationwide franchise system of real and personal property appraisers and consultants; (B) assisting its franchisees with engaging in such business; (C) marketing and selling such products and services; and (D) undertaking those other activities that are incidental to the foregoing.

“**Licensee Contract Party**” means each third party with whom Licensee has a franchisor-franchisee relationship or other contractual relationship concerning the operation by such third party of the Contract Party Business.

“**Licensor Intangible Properties**” means the copyrights, know-how, trade secrets, business systems, inventions, processes, methods of collecting, processing and conveying information and outcomes, and all other intellectual property rights of Licensor that concern or relate to the Licensee Business or the Contract Party Business, and shall include, without limitation, the Valbridge System, each Mark and the Materials.

“**Marks**” means: (A) the service mark, “*Valbridge Property Advisors*”; (B) the services mark for which Licensor has filed an application for registration with the U.S. Patent and Trademark Office, Serial No. 85654971; and (C) such other trade names, trademarks and service marks as Licensor makes available to Licensee by written notice to Licensee. Licensor may, for any reason whatsoever, from time to time on written notice to Licensee remove any trade names, trademarks or service marks from the definition of Marks and, thirty (30) days thereafter, the Licensed Rights shall terminate as to such removed trade names, trademarks or service marks, without a termination of this Agreement.

“**Materials**” means the forms, documents and other information and materials that Licensor makes available to Licensee, from time to time, concerning any of the Licensee Business or the Contract Party Business.

“Valbridge System” means the business systems, processes, forms, software, templates, methods, know-how, trade and services marks and other intellectual property rights and intangible properties that have been, or may hereafter be, developed by Licensor concerning the undertaking of the Contract Party Business.

2. **License.**

License Grant. On the terms and conditions set forth herein and in exchange for the payment of Royalties (as defined in Section 3), Licensor hereby grants Licensee for the Term (as defined in Section 6) an-exclusive (for the Market), non-transferrable license (the **“License”**) to:

- (A) use the Marks for Licensee’s Business and to receive the benefit of the goodwill associated with such use for the Term; and
- (B) by written agreement, sublicense and grant to one or more Licensee Contract Parties the right to use any or all of the Marks for the Contract Party Business and to receive the goodwill associated with such utilization for the term of such written agreement;
- (C) use, copy, have copied, make derivative works of, have derivative works made, sublicense and grant to one or more Licensee Contract Parties the right to use the Licensor Intangible Properties;

(being the **“Licensed Rights”**).

Limitations. The Licensed Rights do not include the grant to Licensee of any right to engage in any other activity except as expressly set forth above. Licensee agrees and acknowledges that the Marks and the Licensor Intangible Properties are, and shall at all times be and remain, the property solely of Licensor and Licensee waives and relinquishes any and all interests or property rights Licensee may have, or acquire after the Effective Date, therein in favor of Licensor.

Licensee Obligations. At such times as Licensee exercises all or any portion of the Licensed Rights, Licensee shall use its best efforts to protect and enhance the value and benefits arising from the Mark and the Licensor Intangible Properties, and the goodwill associated with both of them. After the Term Licensee shall not adopt or utilize any trade name, or trade or service mark that, in the sole opinion of Licensor, creates or could create a likelihood of confusion with any Mark, or is in any way similar to, or evocative of any Mark. A violation of the provisions of this Section 0 by Licensee or any sublicense of Licensee shall be a material breach of this Agreement by Licensee.

3. **Improvements.** All right, title and interest in and to, and the right to pursue protection for, Improvements shall be the property of, and vest solely with, Licensor, and Licensee hereby agrees to promptly notify Licensor of, and to assign to Licensor, each Improvement. Each Improvement shall become subject to the License at no additional charge.

4. **Royalties and Payment.** In consideration for the License granted hereunder, on the first day of each calendar month during the Term on and after March 1, 2013, Licensee shall pay Licensor a royalty (the **“Royalty”**) in an amount equal to: (A) **\$2,500**; plus (B) **\$100** for each Licensee Contract Party to who Licensee has granted a sublicense for any Mark or the Licensor Intangible Property. Royalty payments are payable to Licensor by check or wire transfer, without set off or invoice in accordance with the foregoing. Payments received by Licensor more than ten (10) days from the date due shall be subject to a late fee of the greater of: 5% of the amount due; or \$50.00; and all amounts due and unpaid shall bear interest from the date due until paid at the lesser of 1.5% per month or the highest rate permitted by applicable law. If a payment is not received by Licensor on or within thirty (30) days of the date it is due, Licensor may terminate this Agreement for cause.

5. **Licensor Customer Satisfaction Survey Rights.**

Customer Survey. Licensor may, to determine Licensee’s compliance with its obligations under Section 0, conduct, or have conducted, one or more customer satisfaction surveys (each being a **“Survey”**). Licensee shall fully cooperate with each Survey, including, without limitation, providing Licensee’s customer contacts and all other information requested by Licensor (or its third party contractor) to undertake the Survey. If Licensor determines that the results of the Survey are not satisfactory and that any Mark and the goodwill associated therewith are or may be harmed by Licensee’s continued exercise of the Licensed Rights, Licensor shall consult with Licensee concerning the results and provide corrective actions (each being a **“Corrective Action”**) to Licensee and Licensee shall use its best efforts to promptly implement each Corrective Action.

If Licensor reasonably determines that the results of any two consecutive Surveys are unacceptable or the results of any two Surveys over a period of twelve months are unacceptable or if Licensee fails to implement any Corrective Action, Licensor may terminate this Agreement for cause.

6. **Term and Termination.** The term (the “**Term**”) of this Agreement shall commence on the Effective Date and continue for five (5) years unless otherwise terminated in accordance herewith. Licensor may: (A) renew this Agreement for additional one (1) year periods (each also being a “Term”) on written notice (via e-mail) to Licensee; or (B) terminate this Agreement on thirty (30) days written notice for cause, specifying in such notice the for cause basis, including, without limitation, Licensee’s failure to timely pay Royalties. After the initial Term, Licensee may terminate this Agreement on not less than thirty (30) days written notice to Licensor. Upon a termination of this Agreement for any cause or reason whatsoever, Licensee shall *immediately* cease exercising the Licensed Rights (and all sublicenses granted by Licensee shall immediately terminate), and certify to Licensor it has complied with its obligations under this Agreement.

7. **Warranty.** Licensor grants the Licensed Rights to Licensee “as-is, where-is,” with no warranties of any kind, except only that Licensor represents and warrants that Licensor has never received any communication or demand alleging that any Mark infringes any trade or service mark of a third party. EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION, LICENSOR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER OR NOT VALBRIDGE KNOWS OF OR HAS REASON TO KNOW OF LICENSEE’S USE OF THE INTANGIBLE PROPERTIES LICENSE PURSUANT HERETO.

8. **Confidentiality.** Licensee shall: (A) keep confidential and not disclose or allow any person or entity access to Confidential Information; and (B) not make any use, commercial or otherwise, of any Confidential Information, except as may be necessary to exercise the Licensed Rights.

9. **LIMITATION OF LIABILITY.** NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF BUSINESS OR OTHER ECONOMIC DAMAGE, OR INJURY TO PROPERTY. EACH PARTY ACKNOWLEDGES THAT THIS SECTION REFLECTS AN INFORMED, VOLUNTARY ALLOCATION OF THE RISKS (KNOWN AND UNKNOWN) THAT MAY EXIST IN CONNECTION WITH THIS AGREEMENT, THAT SUCH VOLUNTARY RISK ALLOCATION WAS A MATERIAL PART OF THE BARGAIN BETWEEN THE PARTIES, AND THAT THE ECONOMIC AND OTHER TERMS OF THIS AGREEMENT WERE NEGOTIATED AND AGREED TO BY THE PARTIES IN RELIANCE ON SUCH VOLUNTARY RISK ALLOCATION.

10. **Indemnification.** Each party (the “**Indemnifying Party**”) shall hold the other and its officers, directors, shareholders, managers and employees (the “**Indemnified Party**”), collectively and individually, harmless from any claims, obligations, losses, damages, liabilities, fines, costs and expenses (including, without limitation, reasonable attorney’s fees pretrial, trial and appellate) arising out of, or incurred or suffered by any Indemnified Party as a result of, or in connection with, a breach of any covenant, warranty or representation set forth in this Agreement by the Indemnifying Party.

11. **Entire Agreement, Waiver and Modification, Captions.** This Agreement sets forth the entire understanding of the parties concerning the subject matter of this Agreement and incorporates all prior negotiations and understandings. There are no covenants, promises, agreements, conditions or understandings, either oral or written, between them relating to the subject matter of this Agreement other than those set forth herein. No purported waiver by any party of any default by another party of any term or provision contained herein shall be deemed to be a waiver of such term or provision unless the waiver is in writing and signed by the waiving party. No such waiver shall in any event be deemed a waiver of any subsequent default under the same or any other term or provision contained herein. No alteration, amendment, change or addition to this Agreement shall be binding upon any party unless it is in a writing that specifically identifies this Agreement and such writing is signed by the party to be charged. The captions and paragraph letters appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

12. **Partial Invalidity.** If any term or provisions of this Agreement, or the application thereof to any person or circumstance, shall be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances, other than those as to which it is held invalid, shall both be unaffected thereby and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

13. **Applicable Law, Jurisdiction, Venue and Forum.** This Agreement shall be construed and governed under and by the laws of the State of Florida for contracts executed and to be performed in Florida. Licensee consents to the jurisdiction of the federal and state courts of Florida, including, without limitation, the Circuit Court for the Ninth Judicial Circuit of Florida, the United States District Court for the Middle District of Florida, and the appellate courts thereof, as the case may be. EXCLUSIVE VENUE FOR ANY LEGAL ACTION AUTHORIZED HEREUNDER OR RELATING HERETO SHALL BE IN ORANGE COUNTY, FLORIDA. THE PROVISIONS OF THIS SECTION ARE A MATERIAL PART OF THE AGREEMENT OF THE PARTIES.

14. **Assignment, Successors.** Licensee may not assign, transfer or delegate its rights or duties hereunder without the express prior written approval of Licensor, which may be withheld, conditioned or delayed in Licensor's sole and absolute discretion. Licensor may assign its rights and obligations under this Agreement, at any time and from time to time, without the consent of Licensee. Each and all of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and, except as otherwise specifically provided in this Agreement, their respective permitted successors and assigns.

15. **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ALL OF THEIR INDIVIDUAL AND COLLECTIVE RIGHTS TO A TRIAL BY JURY ON ANY AND ALL ISSUES PERTAINING TO OR ARISING OUT OF THIS AGREEMENT.

16. **Attorneys' Fees.** In the event any litigation, mediation, arbitration, or controversy between the parties hereto arises out of or relates to this Agreement, the prevailing party in such litigation, mediation, arbitration or controversy shall be entitled to recover from the other party all reasonable attorneys' fees, expenses and suit costs, including attorneys' fees, expenses and suit costs associated with any appellate proceedings and any post-judgment collection proceedings.

17. **Survival.** Sections 3 through 16 shall survive the termination, cancellation or expiration of the License and of this Agreement by whatever means for whatever reason.

IN WITNESS WHEREOF, the parties hereto have executed and entered this Agreement as of the day and year first above written.

Licensee: Valbridge Property Advisors
Franchising Systems, LLC

Licensor: Valbridge Property Advisors, Inc.

By:



Robert G. Beaumont, Jr., Manager

By:



Rick Armalavage, President & CEO

EXHIBIT G - ~~NEW YORK TERRITORIES~~
GEOGRAPHIC DESCRIPTION OF NEW YORK TERRITORIES ~~IN NEW YORK STATE~~

Anticipated Franchise Sales in the State of New York (Subject to Negotiations & Market Demand)

<u>Zone#</u>	<u>Zone Name</u>	<u>Area/ Geographic Name</u>	<u>Counties Included</u>	<u>Zone Population Total</u>	<u>Territory Size Based on Zone's Population</u>	<u>Monthly Base Royalty Fee Based on Size</u>
<u>Zone 1</u>	<u>Buffalo Metro</u>	<u>Western New York</u>	<u>(Niagara, Erie, Chautauqua, Cattaraugus, Allegany)</u>	<u>1,395,564</u>	<u>Mid</u>	<u>\$1,500</u>
<u>Zone 2</u>	<u>Rochester Metro</u>	<u>Finger Lakes</u>	<u>(Orleans, Genesee, Wyoming, Livingston, Monroe, Wayne, Ontario, Yates, Seneca)</u>	<u>1,219,458</u>	<u>Mid</u>	<u>\$1,500</u>
<u>Zone 3</u>	<u>Binghamton/ Elmira</u>	<u>Southern Tier</u>	<u>(Steuben, Chemung, Tioga, Broome, Delaware, Chenango, Schuyler, Tompkins)</u>	<u>654,789</u>	<u>Mid</u>	<u>\$1,500</u>
<u>Zone 4</u>	<u>Syracuse Metro</u>	<u>Central New York</u>	<u>(Cayuga, Cortland, Onondaga, Oswego, Madison)</u>	<u>789,960</u>	<u>Mid</u>	<u>\$1,500</u>
<u>Zones 5</u>	<u>Northern Mountains</u>	<u>Northern Country</u>	<u>(Jefferson, Lewis, St. Lawrence, Franklin, Hamilton, Essex, Clinton)</u>	<u>436,906</u>	<u>Small</u>	<u>\$1,000</u>
<u>Zone 6</u>	<u>Mohawk Valley</u>	<u>Mohawk Valley</u>	<u>(Herkimer, Oneida, Otsego, Schoharie, Montgomery, Fulton)</u>	<u>496,739</u>	<u>Small</u>	<u>\$1,000</u>
<u>Zone 7</u>	<u>Albany Metro</u>	<u>Capital District</u>	<u>(Warren, Washington, Saratoga, Schenectady, Albany, Rensselaer, Columbia, Greene)</u>	<u>1,082,191</u>	<u>Mid</u>	<u>\$1,500</u>
<u>Zones 8</u>	<u>Hudson Valley</u>	<u>Hudson Valley</u>	<u>(Sullivan, Ulster, Dutchess, Putnam, Westchester, Orange, Rockland)</u>	<u>2,309,452</u>	<u>Mid</u>	<u>\$1,500</u>
<u>Zone 9</u>	<u>New York City</u>	<u>New York City</u>	<u>(Manhattan, Brooklyn, Queens, Bronx, Staten Island)</u>	<u>8,336,697</u>	<u>Large</u>	<u>\$3,000</u>
<u>Zone 10</u>	<u>Long Island</u>	<u>Long Island</u>	<u>(Nassau, Suffolk)</u>	<u>2,848,506</u>	<u>Mid</u>	<u>\$1,500</u>

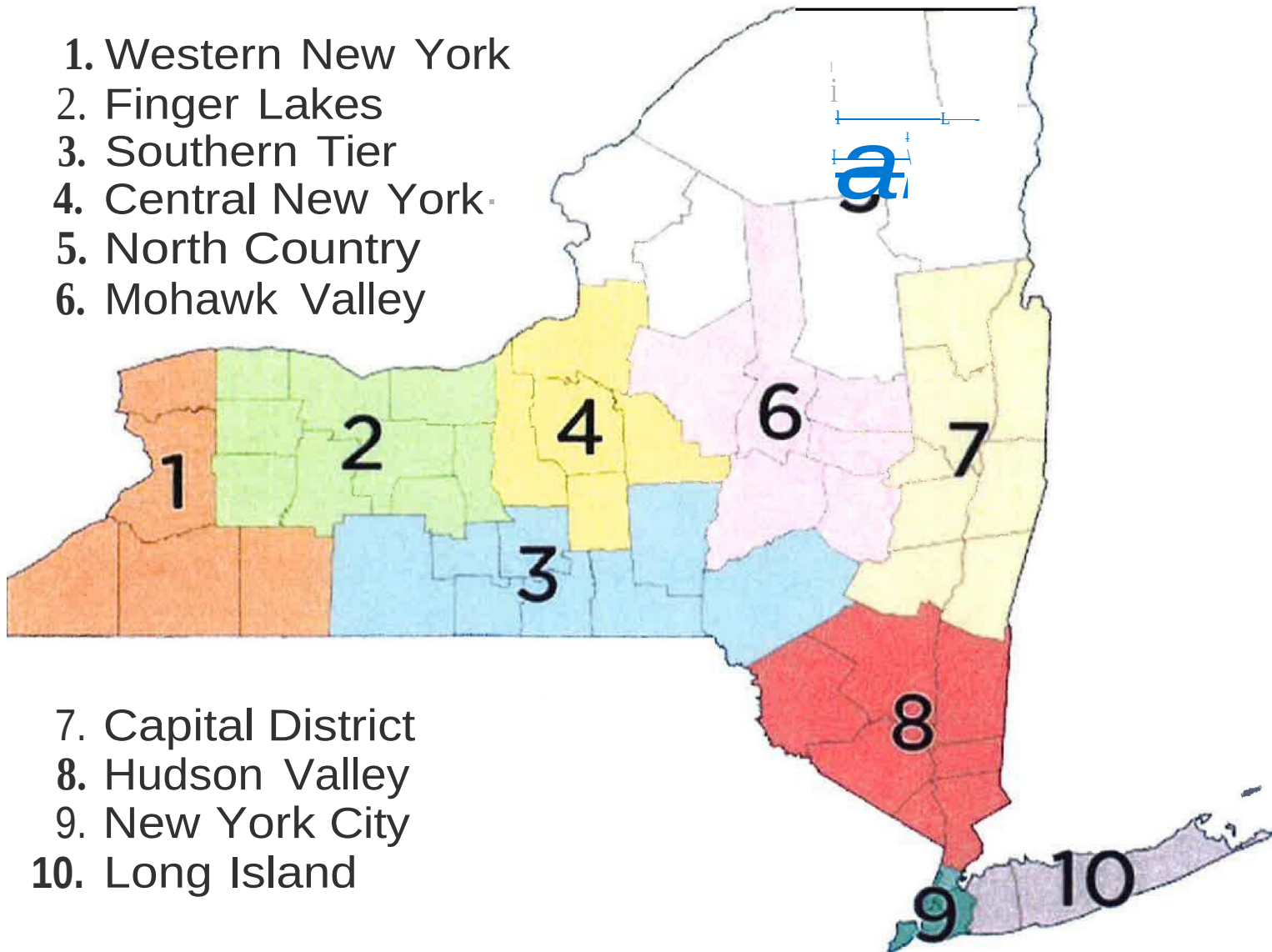
*Zones 1 & 2 may be combined as one Franchise Territory. If combined, they would still be a "Mid" and their monthly base would be \$1,500.

*Zone 3 may be combined with Northern Pennsylvania.

*Zones 2 & 4 may be combined as one Franchise Territory. If combined, they would still be a "Mid" and their monthly base would be \$1,500.

*Zones 5, 6 & 8 may be combined with adjacent zones without Franchise Fee.

1. Western New York
2. Finger Lakes
3. Southern Tier
4. Central New York
5. North Country
6. Mohawk Valley



7. Capital District
8. Hudson Valley
9. New York City
10. Long Island



al



EXHIBIT H RECEIPT

RECEIPT
(Your Copy)

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

If Valbridge Property Advisors Franchising System, LLC (“we” or “us”), offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York, Oklahoma, and Rhode Island require that we give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Indiana requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the Franchise Agreement, or (ii) 10 days prior to franchisor’s receipt of any consideration. The Receipt is amended to reflect the 10-day waiting period.

Iowa requires that we give you this disclosure document at the 1st personal meeting.

Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Washington requires that we deliver this disclosure document to you 14 calendar days prior to payment or execution of any binding agreement.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Richard L. Armalavage MAI, Manager
Valbridge Property Advisors Franchising
System, LLC
2240 Venetian Ct.
Naples, Florida 34109
(239) 514-4646 (phone)
(239) 514-4647 (fax)

Date of Issuance: May 31, 2022.

Our registered agent and registered office in Florida authorized to receive service of process is:

Richard Armalavage
2240 Venetian Ct.
Naples, FL 34109

~~The name, principal business address and telephone number of each franchise seller offering the franchise:~~

~~Richard L. Armalavage MAI, Manager
Valbridge Property Advisors Franchising
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2240 Venetian Ct.
Naples, Florida 34109
(239) 514 4646 (phone)
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~~Date of Issuance:~~ July 1, 2020.

~~Our registered agent and registered office in Florida authorized to receive service of process is:~~

~~Richard Armalavage
2240 Venetian Ct.
Naples, FL 34109~~

I have received a disclosure document dated ~~July 1, 2022~~ May 31, 2020, that includes the

following: CALIFORNIA ADDENDUM

ILLINOIS ADDENDUM

INDIANA ADDENDUM

MARYLAND ADDENDUM

MICHIGAN ADDENDUM

MINNESOTA ADDENDUM

NEW YORK ADDENDUM

NORTH DAKOTA ADDENDUM

VIRGINIA ADDENDUM

WASHINGTON ADDENDUM

Exhibits:

- A. Agencies/Agents for Service of Process
- B. Franchise Agreement ~~with~~ and State ~~Riders and Attachments~~ Specific Addenda
- C. List of Franchisees
- ~~D.~~ List of Former Franchisees ~~E.~~ _____
- ~~D.E.~~ Financial Statements
- F. Trademark License
- G. Geographic Description of New York Territories ~~in New York State~~
- ~~H.~~ Receipts
- ~~H.~~ Receipt

Prospective Franchisee Name: _____

By: _____

Print name: _____

Title: _____

Date: _____

Prospective Franchisee Name: _____

By: _____

Print name: _____

Title: _____

Date: _____

KEEP THIS COPY FOR YOUR RECORDS. This disclosure document is available in PDF format
V20200301.0608

by request to rarmalavage@valbridge.com.

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(Our Copy)

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Prospective Franchisee Name: _____

By: _____

Print name: _____

Title: _____

Date: _____

H. Receipt

Prospective Franchisee Name: _____

By: _____

Print name: _____

Title: _____

Date: _____

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