

FRANCHISE DISCLOSURE DOCUMENT

Windermere Real Estate Services Company
A Washington Corporation d/b/a Windermere Services Company
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Windermere franchisees use the Windermere Trademarks and Windermere System in providing real estate brokerage services to customers who wish to buy, sell, or lease real property.

The total investment necessary to begin operation of a Windermere Real Estate franchise is \$271,000 to \$1,171,000. This includes \$25,000 that must be paid to the franchisor. This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any 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 Windermere's General Counsel at the address and phone number shown above.

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

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

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

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STATE COVER PAGE
How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit A.
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 B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Windermere Real Estate 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 Windermere franchisee?	Item 20 or Exhibit A lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration.

Your state may have a franchise law, or other law, that require 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 D**.

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 Washington. 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 Washington than in your own state.
2. **Personal Liability.** Franchisee owners and spouses must sign a personal guaranty, making you, and your spouse if you are married, individually liable for your financial obligations under the agreement. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

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

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Item 1: The Franchisor, and any Parents, Predecessors and Affiliates

Franchisor. Windermere Real Estate Services Company (“WSC”) is a Washington corporation with a principal business address of 1151 Fairview Ave. North, Suite 105, Seattle, Washington, 98109.

WSC has been the franchisor for Windermere Real Estate since 1983 and has no predecessors within the past ten years. WSC has no parent entities.

The names under which WSC conducts business are: Windermere Real Estate Services Company, Windermere Services Company, Windermere Services, Windermere Real Estate, and Windermere.

WSC’s agents for service of process are identified on the attached Exhibit D.

Affiliates. The following entities (all of which, except as noted below have a principal business address of 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109) are controlled by, controlling, or under common control with WSC, and provide products or services to Windermere franchisees:

- The Windermere Foundation is a tax-exempt charitable Washington nonprofit corporation which provides funding to other organizations, primarily to address the problems of homeless and low-income families and children.
- Move Forward Financial, LLC is a Washington limited liability company doing business as Move Forward Financial. The company provides short-term financing for real estate transactions.
- Relo, LLC is a Washington limited liability company doing business as Windermere Referrals (formerly known as Relocation and Referral Services). The company has been a licensed real estate brokerage firm in Washington since 2008 and works with national relocation companies to direct referrals to and from Windermere agents nationwide. Its principal place of business is 301 NE 100th Street, Suite 200, Seattle, WA 98125.
- WRE Referrals, LLC (formerly known as Windermere Referrals LLC) is a Washington limited liability company and has been a licensed real estate firm in Washington since 2008. It permits retired or former agents in Washington to keep their real estate licenses active for the sole purpose of receiving referral fees.
- WSC Mortgage Holdings LLC is a Washington limited liability company and subsidiary of WSC.
- WSC Mortgage Holdings LLC in turn owns 50% of Penrith Home Loans LLC, a Delaware limited liability company doing business Penrith Home Loans. Penrith is a consumer loan company which offers residential purchase and refinancing loans to consumers, including to clients of Windermere franchisees and their brokers.
- Windermere Coaching, LLC is a Washington limited liability company and subsidiary of WSC.

It offers individual and group business coaching to Windermere agents.

Business and Franchises Offered. The sole business activity of WSC is to offer franchises to operate Windermere real estate brokerage offices using the Windermere Real Estate name and trademarks. Except as noted in this Item 1, neither WSC nor its affiliates directly operate any real estate brokerage offices, are not engaged in any other business activity, and do not offer franchises in any other line of business.

Some principals and officers of WSC have ownership interests in one or more Windermere franchisees, which do operate brokerage offices. Some principals and officers of WSC have a controlling interest in the following Windermere franchisee outlets: Evergreen, Fort Collins, Windsor, Kona-Big Island, Waikoloa-Big Island, Cannon Beach, Gearhart, Hillsboro, Lake Oswego, Newberg, Pacific City, Pearl District, Portland-Hawthorne, Portland Heights, Portland-Lloyd Tower NE, Portland-Moreland, Portland-NW Johnson, Portland-Pearl District, Portland-Raleigh Hills, Relocation-OR, Holladay, Layton, Ninth & Ninth, Park City, Park City-Deer Valley Plaza, Park City-Park Ave, Park City- Silver Lake, Salt Lake City-Downtown, Salt Lake City-Sugar House, Salt Lake City-Union Park, Wasatch Batch, West Valley City, Padre Canyon, Windermere Referrals (known as Relocation and Referral Services until October 2020), Palm Springs, Seattle-Ballard, Seattle-Eastlake, Seattle-Madison Park, Seattle-Sand Point, Seattle-Northgate, Seattle-Wedgwood, Seattle-West Seattle, Tacoma- Professional Partners, Gig Harbor-Professional Partners, Enumclaw, Vancouver-Felida, Vancouver-Metro, Vancouver-Mill Plain.

In 2021, some principals and officers of WSC formed JOGNCA, Inc., a California corporation, to acquire the real estate brokerage business, William B. Lyon & Associates d/b/a Lyon Real Estate (“LRE”) IN California. On or about May 1, 2022, LRE became a franchisee of WSC operating under the name, Lyon Real Estate – a Windermere Company.

Windermere franchisees are in the business of rendering real estate brokerage services, primarily to buyers and sellers of residential real estate. Some Windermere franchisees also engage in commercial real estate brokerage, and/or property management services. The real estate brokerage business is a developed market, with sales primarily to a certain group – namely individuals or businesses interested in buying, selling, or leasing real estate. In some areas the market for real estate brokerage services may be seasonal.

The real estate brokerage industry is heavily regulated. In most states, real estate brokerage businesses – and/or their principal brokers - must be licensed to engage in rendering real estate brokerage services. Licensing laws vary from state to state, but in general require you to be or employ a licensed real estate broker and use only licensed real estate agents, and to comply with additional state laws and regulations. Other state laws may further regulate or affect the real estate brokerage industry, such as laws governing condominiums, timeshares, manufactured and mobile homes, and environmental laws and regulations. Similarly, there are federal laws and regulations which affect the real estate brokerage industry, including without limitation the Real Estate Settlement Procedures Act (RESPA), Federal Fair Housing laws and regulations, and environmental laws and regulations. Local (city and county) ordinances may also affect real estate brokerage businesses, such as by limiting the size and placement of “for sale” signs, open house signs, etc. This is not intended to be an exhaustive summary of laws, regulations and ordinances that may affect the industry and is not intended as legal advice. WSC strongly urges you to consult with your own attorney regarding laws that apply to you and your business.

You will be competing with other real estate brokers, some of whom may be affiliated with other

regional or national real estate brokerage franchise systems, including without limitation John L. Scott, Coldwell Banker, RE/Max, Century 21, Keller Williams, ERA, Sotheby's, Better Homes & Gardens, Real Living, and Berkshire Hathaway Home Services, in addition to independent real estate brokerage firms not affiliated with any franchise system.

Prior Business Experience. Although one or more officers of WSC are licensed real estate brokers or former brokers, and in those capacities have had experience operating a business of the type you will be operating, WSC itself has never directly conducted a real estate brokerage business. WSC has offered franchises of the type you will be operating since 1983.

Area Representatives. WSC also enters into area representative agreements with qualified candidates in select states. These area representatives operate under written agreements that allow them to assist WSC in its sale of new Windermere franchises in one or more states and obligates the area representative to provide ongoing support services to the franchises in their region. Services provided by area representatives include training, education, and professional development programs; help with Windermere forms, listings, and marketing materials; consultation with WSC concerning use of the marketing funds (and in some circumstances administration of a regional marketing fund) and coordination of advertising and public relations to benefit WSC franchise licensees in the area representative's region; and serving as a first point of contact for franchise licensees with respect to guidance navigating Windermere tools and services. If you purchase a franchise, WSC reserves the right to, at any time and in any location, delegate WSC's obligations to you under the franchise license agreement to an area representative, including without limitation the services listed above.

As of the issuance date of this disclosure document, WSC's area representatives and their assigned regions are as follows:

Windermere Mountain West, LLC d/b/a Windermere Services Mountain West, a Washington limited liability company with a principal business address of 25 West Cataldo, Suite D, Spokane, WA 99201, serving all of Eastern Washington, Idaho, and Montana; certain limited areas of Western Washington; and (non-exclusively) Wyoming and Oregon.

Windermere Rocky Mountain Services, LLC d/b/a Windermere Services Colorado, a Colorado limited liability company with a principal business address of 255 E. Monroe Drive, Suite 2, Fort Collins, CO 80525, servicing Colorado and Wyoming.

Windermere Real Estate Utah Services, LLC d/b/a Windermere Real Estate Services Southwest, a Utah limited liability company with a principal business address of 1240 East 2100 South, Suite 600, Salt Lake City, UT 84106, serving Arizona, Nevada, and Utah.

If you purchase a franchise located in one of these regions, WSC's area representative may provide some or all of WSC's support obligations to you.

Item 2: Business Experience

The information that follows identifies the directors, officers and other executives of WSC who will have management responsibility relating to the sale and operation of franchises offered in this document.

John W. Jacobi: Founder, Director, and Chairman of the Board. John Jacobi founded WSC in 1983. He has held the position of Chairman of the Board since the Company's founding at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

Geoffrey P. Wood: Chief Executive Officer and Co-President. Geoff Wood has held the position of CEO for WSC since 2003 and became a Co-President in 2016, at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

Jill Jacobi Wood: Director and Co-President. Jill Jacobi Wood has been a Director of WSC since 1994 and has served as its President since 2007 and became a Co-President in 2016. She also serves as the Designated Broker of WRE Referrals, LLC, and serves on the Board of the Windermere Foundation, all located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

John O. "OB" Jacobi: Director and Co-President. OB Jacobi has been a Director of WSC since 1994 and became a Co-President of WSC in 2016. He has served as President and Designated Broker of Windermere Real Estate Company since December 2007, and serves on the board of the Windermere Foundation, all at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109. He also serves on the board of Vector MoxiWorks GP, LLC, located at 1000 2nd Ave, Suite 1300, Seattle, WA, 98104-1082.

Mark Oster: Treasurer and Chief Financial Officer. Mark Oster joined WSC in 2010 as Director of Finance and Accounting. He was promoted to Vice President of Finance in September 2011, and to CFO in September 2015, all at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109. Brooks Burton: Chief Operating Officer. Brooks Burton joined WSC in June 2017 as Chief Operating Officer, at WSC's headquarters at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109. He was previously an Executive Vice President and COO of HER Realtors in Columbus, Ohio from May 2012 through June 2017. Brooks also supports California in the capacity of interim Area Representative.

Julie Dey: Chief Marketing Officer. Julie Dey joined WSC in July 2018 as Vice President of Marketing and in January 2021 was promoted to Chief Marketing Officer, at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109. Prior to joining WSC, Ms. Dey ran her own marketing consulting service company, Julie Dey Enterprises, from November 2016 to June 2018 in Seattle; was the Senior Director of Content Development and Customer Experience at IHS Markit | Technology from July 2016 through October 2016; and was the Vice President of Marketing at RootMetrics, a telecommunications data company, from August 2010 through July 2016 in Bellevue, Washington.

Michael Fanning: Senior Vice President-Client Services. Michael Fanning joined WSC in 1997 at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109, and has served as Senior Vice President-Client Services since January 2011.

Matthew Gardner: Chief Economist. Matthew joined WSC in 2015 as Chief Economist at WSC's headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109. In addition to his day-to-day responsibilities, Mr. Gardner sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research; and is an Advisory Board Member at the Runstad Department of Real Estate at the University of Washington where he also lectures in real estate economics.

Charles Painter: Senior Vice President – Client Services. Chip Painter joined Windermere in 2004 as Senior Vice President of Client Services, at WSC’s headquarters at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

Shawn Prutsman: Senior Vice President of Technology. Shawn Prutsman joined WSC in May 2015 as Vice President of Technology and in January 2021 was promoted to Senior Vice President of Technology, at WSC’s headquarters at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

Shelley Rossi: Vice President – Communications. Shelley Rossi joined WSC in 2011 as Vice President – Communications, at WSC’s headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

Christine Wood: Executive Director – Windermere Foundation. Christine Wood has served as the Executive Director of the Windermere Foundation since 1999, at WSC’s headquarters, located at 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109.

REGIONAL LEADERSHIP

Dan Givens: Director – Western Washington. Dan joined WSC in November 2020 as a Director providing support services to franchisees in Western Washington.

Grady Kohler: Managing Member and Operating Principal of Windermere Real Estate Utah Services, LLC d/b/a Windermere Real Estate Services Southwest. Area Representative in Arizona, Nevada, and Utah. Grady Kohler joined WSC as the President of Windermere Services-Utah in November 2015 and in April 2022, he moved into his current role and expanded regional responsibilities.

Lucy Wood: Regional Manager – Western Washington. Lucy joined WSC in 2022 as a Regional Manager providing support services to franchisees in Western Washington. Prior to joining WSC, Lucy was a real estate agent with Windermere Real Estate Company in Seattle, WA from 2018 – 2020, and she served as executive assistant to Jill Wood, Geoff Wood, and John O’Brien Jacobi in Seattle, WA from 2020 through 2021.

Scott Mitchelson: President – Oregon. Scott Mitchelson joined WSC in 2012 as Senior Vice President of Business Development in Seattle, WA. He was promoted to President of Oregon Services in 2015, in Portland, OR.

Scott Wetzel: President and Operating Principal Windermere Mountain West, LLC, d/b/a Windermere Services Mountain West. Area Representative in Eastern Washington, Idaho, Montana, Wyoming, and certain limited areas of Wyoming, Oregon, Western Washington. Scott Wetzel has been the President and Operating Principal of Windermere Mountain West, LLC since 2008.

Item 3: Litigation

John Wellman and Windermere Real Estate/Wall Street, Inc. v. Windermere Real Estate Services Company (“Windermere”); Windermere Real Estate/Wall Street, Inc., a Windermere franchisee, and its principal, John Wellman (collectively, “Wall Street”), initiated an arbitration with the

American Arbitration Association in February, 2020 seeking a preliminary injunction authorizing Wall Street to solicit third party bids to the business outside the appraisal process called for in the party's franchise agreement where Windermere had exercised its purchase rights under the parties' franchise agreement. By order dated March 9, 2020, Wall Street's request for a preliminary injunction was denied. Thereafter, with agreement with Windermere, Wall Street dismissed the proceedings with the AAA, and any remaining issues were to be resolved by an independent third party selected as arbitrator. Wall Street subsequently abandoned the arbitration and ceased operations of his real estate brokerage business.

Wellman et al vs. Windermere Real Estate Services Co., Case No. 01-21-0002-7777, filed on April 20, 2021, before the American Arbitration Association). Windermere Real Estate/Wall Street, Inc., a Windermere franchisee, and its principal, John Wellman (collectively, "Wall Street"), initiated an arbitration against Windermere Real Estate Services Co., dba Windermere Services Co., which alleged, as amended, that Windermere breached its Franchise License Agreement with Wall Street, breached an alleged duty of good faith and fair dealing, tortiously interfered with Wall Street's contracts and business expectancies, benefitted from unjust enrichment, engaged in a civil conspiracy, and violated the Washington Franchise Investment Protection Act. Wall Street seeks monetary damages in an unspecified amount, treble damages, attorneys' fees and costs, and pre- and post-judgment interest. Windermere vigorously denies the allegations. The arbitration hearing concluded on April 8, 2022. The arbitration is currently in the post-hearing stage, and the parties filed post-hearing briefing on April 29, 2022.

Bennion & Deville Fine Homes, Inc.; Bennion & Deville Fine Homes SoCal, Inc; and Windermere Services Southern California, Inc. v. Windermere Real Estate Services Co., Case No. 2:15-CV-07322 was filed in the United States District Court for the Central District of California on September 17, 2015. The plaintiffs were two former franchisees, and one former area representative (all under common ownership). The amended complaint asserted the following claims: Breach of Contract; Breach of Implied Covenant of Good Faith and Fair Dealing; and Violation of the California Franchise Relations Act, Section 20020. The complaint sought unspecified damages, declaratory relief, statutory damages, and recovery of attorney fees. WSC answered denying any wrongdoing and filed an amended counterclaim asserting claims for breach of contract, violation of the Anti-Cybersquatting Consumer Protection Act, trademark infringement, unfair business practices, open book account and seeking an accounting. The counter-complaint sought damages in excess of \$1.2 million of unpaid franchise and other fees, as well as injunctive relief, statutory damages, a full accounting, and recovery of attorney fees.

In October 2016 the court granted WSC's motion for summary judgment in full, dismissing some of the claims against WSC, including the claim that WSC violated Section 20020 of the California Franchise Relations Act. The court also granted partial summary judgment in favor of plaintiffs, dismissing WSC's claims for trademark infringement. The remaining claims were tried to a jury in July 2018. The jury verdict awarded WSC \$1,574,790.30 plus attorneys' fees and costs and awarded the plaintiffs nothing. Motions for attorney fees and other post-verdict motions were resolved by the Court on January 15, 2019. On February 26, 2019, the Court entered an amended judgment reflecting the jury verdict award of \$1,574,790.30 and the amended amount of \$800,522.00 in attorneys' fees and \$33,398.27 in additional costs. The plaintiffs appealed the Court's ruling on post-verdict motions before the Ninth Circuit Court of Appeals as Case No. 19-55216. On March 19, 2019, the Court issued the Writ of Execution allowing WSC to commence collection on the amounts due; however, if plaintiffs posted a bond in connection with their appeal, WSC would be stayed from continuing collection until the appeal was resolved. To avoid the costs

and time involved with an appeal, on March 25, 2019, the Company and the plaintiffs reached a settlement. In connection with the settlement, the plaintiffs filed to voluntarily dismiss with prejudice their appeal, and the Ninth Circuit Court entered an Order affirming the dismissal on April 12, 2019. WSC then filed an Acknowledgment of Satisfaction of the Amended Judgment on April 14, 2019. The claim has reached final resolution.

No other litigation is required to be disclosed.

Item 4: Bankruptcy

No disclosures required.

Item 5: Initial Fees

Franchisees pay to WSC a lump sum initial franchise fee of twenty-five thousand dollars (\$25,000.00) which is due and payable in cash upon signing the Franchise License Agreement.

WSC does not finance initial fees, but in some cases has allowed franchisees to pay in installments, if circumstances warrant. Factors determining the amount of the initial fee, or the timing of installment payments, vary on a case-by-case basis. For instance, fees may be reduced or waived if the new licensee entity is a spin-off of an existing franchisee to a new entity in which the ownership is substantially the same, or if an existing Windermere franchisee forms a new company to open a new office location. Initial fees are non-refundable, unless you are unable to agree with WSC upon a location for your initial office location (See Item 11, below).

Item 6: Other Fees

Type of Fee	Amount	Due Date	Remarks
Ongoing Franchise License Fees	Five percent (5%) of Gross Revenue; fees on residential commissions are capped per agent, per calendar year. For the 2021 calendar year, the cap is \$85,000 per agent; for the 2022 calendar year, the cap will be \$87,000. Thereafter, the cap increases each year by an amount up to the percentage increase in the Consumer Price Index.	Monthly. See Note 2 below	Gross revenue means all revenue derived from providing real estate brokerage services, including referral fees, commissions, property management fees, or any other form of compensation however named. See Notes 1, 3, 8, and 12 below. See Note 13 regarding the annual cap increase.
Technology Fee	\$68.00 per agent, per month.	Monthly. See Note 2 below.	See Notes 3, 4, 8 and 9 below.

Type of Fee	Amount	Due Date	Remarks
Email Fee	\$9.00 per additional email address, per month	Monthly. See Note 2 below.	See Notes 3, 4, 8 and 9 below.
Marketing Fee	One percent (1%) of gross commission revenue; capped per agent, per calendar year. For the 2021 calendar year, the cap is \$50,000 per agent; for the 2022 calendar year, the cap will be \$52,000. The cap increases each year by an amount up to the percentage increase in the Consumer Price Index.	Monthly. See Note 2 below.	See Notes 3, 8 and 9 below. See Note 13 regarding the annual cap increase.
“W Collection” Marketing Program Fee	Currently no fee to you.	Monthly. See Note 2 below.	Payable by real estate agents with qualifying high-end listed properties in select markets and who elect to participate in the “W Collection” Marketing Program. See Notes 3, 5, 8 and 9 below.
“Premier Properties” Marketing Program Fee	Between \$75 and \$300 per office, per month, depending upon geographic region.	Monthly. See Note 2 below.	Only required in geographic regions marketing the “Premier Properties” Program. See Notes 6, 8 and 9 below.
Transaction Concierge Program Fee	Currently no fee to you.	Monthly. See Note 2 below.	In the future, we may require you to pay a Transaction Concierge Program Fee for each transaction side closed in the prior month.
Owners Retreat Fee	Between \$70 and \$100 per month.	Monthly. See Note 2 below.	Payable by Franchisee to go toward the costs of the annual Owners Retreat. See Notes 7 and 9 below.
Windermere Foundation Contribution	Suggested Donation of \$10.00 per transaction side.	See Note 2 below.	Payable to the Windermere Foundation, a Washington non-profit corporation. See Notes 10 and 11 below.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	Currently \$2,000.00, but can be increased up to \$4,000 plus our expenses incurred reviewing and, where approved, documenting the requested change.	Upon request to transfer your franchise or an interest in Licensee.	See Note 14 below.
Fee for Requests to Add a Branch or Satellite Office	Currently \$1,000, but can be increased up to \$2,000 plus our expenses incurred reviewing and, where approved, documenting the requested change.	Upon requesting the specified change.	See Note 15 below.
Fee to Change the Location or Trade Name of the Office or Licensee	Currently no charge, but a fee of \$1,000 will be imposed if your address or tradename change is made without WSC's prior written approval.	In the event change is made without WSC's prior written approval.	--
Examination Fee	All costs incurred by WSC in connection with a finding of an understatement of revenue and underpayment of fees.	Upon receipt of invoice from WSC.	See Note 16 below.
Indemnification	Will vary based on circumstances.	As incurred.	See Note 17 below.
Attorney's Fees	Will vary based on circumstances.	As incurred.	See Note 18 below.
Fees connected with cure of defaults	Costs incurred if we cure a default for you.	When cured.	--
Late Fees, Interest	10% of the delinquent amount; the full amount of past due fees plus the late fee will bear the highest lawful rate or 18% per annum compounded monthly, whichever is lower	From the tenth day after due.	---

Notes:

1. Ongoing License Fees on residential sale commissions only are “capped” at an amount stated in the franchise agreement. The “cap” amount represents the gross commissions earned by each agent per calendar year. For example, a cap amount of \$85,000 means that Franchisee will pay Ongoing License Fees on the first \$85,000 of residential sale commissions earned by each agent during each calendar year. The fee “cap” does not apply to commercial commissions or property management revenue and is subject to cancellation or change by WSC at any time with six months’ written notice. Gross revenue means all revenue derived from providing real estate brokerage services, including referral fees, commissions, property management fees, or any other form of compensation however named.
2. All fees must be reported and paid monthly by the 15th day of the following month. (Example: January report and fees are due by February 15).
3. For all fees paid on a “per agent” basis, “agent” means any real estate licensee licensed to the franchisee with the applicable state real estate licensing authority. WSC may from time to time adopt policies exempting certain individuals from payment of certain “per agent” fees. A copy of the current policy is available on the WORC site, or from the WSC on request. Fee reporting policies may be changed from time to time with written notice, in WSC’s sole discretion.
4. Each office is provided three free email addresses for administrative purposes. Each agent receives one email address as part of the monthly Technology Fee. Additional email addresses are \$9.00 per month, per address.
5. The “W Collection” program is an optional marketing program for high-end properties. Any franchisee may elect to participate in the “W Collection” program, though not all properties may qualify. There are additional fees associated with the “W Collection” program, which are subject to change at any time. Additional information about the “W Collection” program and costs are available on request.
6. The “Premier Properties” program is a marketing program for high-end properties. Any franchisee may participate in the “Premier Properties” program, though not all properties may qualify. The additional fees associated with the “Premier Properties” program are subject to change upon written notice from WSC. Additional information about the “Premier Properties” program is available on request.
7. The Owners Retreat Fee will be between \$70.00 and \$100.00 per month. An annual notice from accounting will specify the amount of the monthly Owners Retreat Fee for that year. Payment is due on the 15th of each month thereafter. The Owners Retreat Fee covers registration at the annual Owners Retreat for one individual owner in the Franchisee ownership group or a manager of Franchisee. Where an owner has a majority or greater ownership interest in more than one Windermere Licensee, only one Licensee will be charged the Owners Retreat Fee. Attendance at the Owners Retreat is recommended but not required. Costs for transportation, lodging, and other incidental expenses are additional.
8. Except as otherwise noted above, all fees are imposed by, collected and payable to the franchisor. All fees are non-refundable. All fees are uniformly imposed but are subject to modification on a case-by-case basis if business circumstances so warrant. Franchisees operating under older versions of the franchise agreement may pay different fees than

provided for in the current version. New fees may be added with six months' written notice.

9. Technology, Marketing, and fees other than the Ongoing License Fee, are subject to change with six months written notice and may increase by up to 10% per calendar year. New fees may be added with six months written notice.
10. Windermere Foundation is a Washington non-profit corporation. Donations are made payable directly to Windermere Foundation and are collected on its behalf by WSC. In 2021, Windermere supported 450 organizations and disbursed funds in the amount of \$ **2,381,640.48** as follows:
 - Food Support: 15%
 - Youth programs: 28%
 - Emergency assistance: 24%
 - Shelter: 11%
 - Education and counseling: 8%
 - Fundraising: 2%
 - School assistance: 3%
 - Scholarships: 5%
 - Administration: 2%
11. A transaction "side" means the listing and/or selling side of a real estate transaction. If a franchisee represents only one side (buyer or seller), then the suggested Windermere Foundation donation is \$10.00. If franchisee represented both sides (buyer and seller), then the suggested donation is \$20.00.
12. New Windermere locations receive a "ramp up" discount on their Ongoing License Fees during the first eight months of operation under the Windermere name. This discount is fully described on Exhibit 1, Fee Schedule, in the Franchise License Agreement. The discount does not apply to any other fees set forth on the Fee Schedule nor to any new franchise agreement executed in connection with the transfer of an existing Windermere location.
13. WSC reserves the right annually to increase any "cap" applied to the Ongoing License Fees and Marketing Fees by an amount no greater than the percentage increase in the Consumer Price Index for All Urban Consumers for the West Region as published by the U.S. Bureau of Labor Statistics ("CPI Percentage Increase"). Each adjustment will be made on January 1st based on the change between September 1 of the then-current year and September 1 of the immediately prior year. By November 30th of each year, WSC shall provide notice of the updated "caps" which shall take effect from January 1st.
14. You must pay us this fee together with any request for our permission to assign your Franchise License Agreement, to transfer any ownership interest of Licensee or the franchised business, or to implement a change of control of Licensee or your franchised business. The fee is non-refundable and must be submitted with completed form(s) and supplementary documents required by WSC.
15. For purposes of this disclosure document: (1) The term "Branch" includes office premises other than your initial approved location, from which you operate your Windermere brokerage, regardless of the size or the number of employees, real estate brokers or salespersons or sales agents that are located at the premises. (2) The term "Satellite" includes locations (a) an office used for purely administrative purposes; (b) a temporary tract sales office in a new homes subdivision or development to sell property in that subdivision or development; (c) an information kiosk; or (d) a facility located away from your approved location(s) that is licensed with the applicable real estate licensing authority and set up for the convenience of sales professionals only and not to conduct day-to-day business with clients.

16. If amounts owed to WSC are understated by 2% or more, you must pay WSC the fees, costs and expenses incurred in connection with the audit.
17. You must reimburse us if we are held liable for claims arising from the operations of your Windermere brokerage.
18. You must pay our attorney's fees upon entry of judgment if we prevail in an action for enforcement of indemnification, enforcement of the Franchise License Agreement or other related action.

Item 7: Estimated Initial Investment

Type of Expenditure	Amount		Method of payment	Due Dates and Notes	To whom payment is to be made
	Low	High			
Initial Franchise Fee	\$25,000	\$25,000	Cash	At signing of franchise agreement. See Notes below (3,4).	WSC
Training Expenses	\$0	\$10,000	Varies	Varies. See Notes below (4).	Various vendors.
Real Property, whether purchased or leased	\$96,000 Per year	\$216,000 Per year	Cash	Monthly rent or mortgage payment. See Notes below (4).	Landlord, or mortgage lender
Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements and decorating costs, whether purchased or leased	\$20,000	\$600,000	Varies	Varies. It may be possible to finance some of these expenses, and landlords may provide allowances for some improvements as part of lease negotiations. See Notes below (4,6).	Various vendors.
Office Supplies (including letterhead, business cards, etc.)	\$5,000	\$15,000	Cash	At time of purchase. See Notes below (4,6).	Various vendors.
Security deposits, utility deposits, business licenses, and other prepaid expenses	\$0	\$25,000	Varies	Varies. See Notes below (4,6).	Various vendors and governmental agencies.
Other required payments, such as additional training, travel, or advertising expenses	\$0	\$10,000	Varies	Varies. See Notes below (4, 6).	Varies

Business Insurance	\$5,000	\$20,000	Lump sum	As required by insurers. See Notes below (5,4).	Rated carrier
Additional funds – initial 12 months	\$120,000	\$250,000	Varies	Varies. See Notes below (2,4).	Varies
TOTAL	\$271,000	\$1,171,000			

NOTES

1. Real property costs vary widely based on the size and location of the franchisee's office(s). Estimates stated above are based on a single office with gross monthly rent or mortgage of \$8,000 to \$18,000. Expenses incurred in real property improvements, equipment, fixtures, furniture, etc. will vary depending on whether the office(s) are new start-up locations, or conversions of existing real estate brokerage offices. An existing office may incur only minimal expense to replace existing exterior signage. A new office being built-out from raw space, with no landlord or seller's allowance for tenant improvements, may cost \$500,000 or more, depending on location, finishes and fixtures selected, etc.
2. The estimate of additional funds above is based on twelve months, which the franchisor recommends due to the seasonal and cyclical nature of the real estate market. The actual amount of cash reserves required will vary depending on the size and location of the office, the timing of when the office opens, and whether the office is a start-up, or a conversion of an existing brokerage business. Start-up businesses will require more cash reserves than an existing brokerage, as it can take 3-6 months before revenue will be generated due to the timing of real estate transaction closings.
3. The initial fee paid to WSC is only refundable if you and WSC are unable to agree on an initial office location within a certain period of time. Amounts paid to third parties may be refundable under some circumstances; franchisees should determine this to their own satisfaction.
4. WSC does not routinely finance any of the initial investment for franchisees. In exceptional cases WSC or one of its affiliated entities may offer limited financing assistance on a case by case basis. The terms of such financing vary from case to case based on the circumstances.
5. You must, at your expense, obtain and keep in full force, certain insurance coverage during the term of the Franchise License Agreement. Present minimum requirements are:
 - a. commercial general liability, including broad form contractual liability, broad form property damage, personal injury, completed operations, fire damage, advertising and products liability coverage in the amount of at least \$1,000,000 per occurrence for bodily injury and property damage;
 - b. worker's compensation and employer's liability insurance, if required by your state law, with at least \$1,000,000 for bodily injury per accident, \$1,000,000 for bodily disease per employee, and \$1,000,000 bodily disease policy limit;
 - c. automobile liability and physical damage insurance of at least \$1,000,000 combined single limit bodily injury and property damage liability and comprehensive and collision coverage for hired and non-owned auto with deductibles reasonably satisfactory to WSC;
 - d. umbrella liability with at least \$1,000,000 coverage;

- e. errors and omissions insurance of at least \$1,000,000 per occurrence and a minimum \$2,000,000 annual aggregate covering real estate brokerage services plus any other approved services, including real estate activities, real estate brokerage services and property management services and other approved offered ancillary practices;
- f. cyber liability insurance, in an amount not less than \$1,000,000 minimum including third-party coverage; and
- g. employment practices liability of at least \$1,000,000 including third-party coverage.

Franchisees with Gross Revenue exceeding \$10,000,000 per year should obtain increased coverage consistent with other companies of similar size in the industry in their geographic area. Franchisees with Gross Revenue exceeding \$13,000,000 per year should obtain commercial general liability, combined single limit bodily injury and property damage liability; automobile liability and physical damage insurance, and errors and omissions insurance coverage of at least \$5,000,000 in each case. Insurance requirements may change at any time.

You should consult with your own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection you need and desire, including any insurance coverage it may be advisable for you to require your affiliated agents to obtain, in addition to the coverage limits WSC requires.

Each policy, except workers' compensation, must name WSC as an additional insured and provide that WSC will receive 30 days' advance written notice of a cancellation of any policy. All policies must be endorsed to include a waiver of subrogation in our favor and our subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, servants, representatives, independent contractors and associates. You must furnish WSC certificates of insurance coverage at commencement, annually and upon WSC's request, evidencing the existence of such insurance coverage and your compliance with the insurance coverage requirements. WSC has the right to require specific endorsements, as necessary. Further, WSC has the right to require you to obtain additional types of insurance, to increase limits during the term of the Franchise License Agreement or to reduce minimum coverage requirements (with our written approval).

You may, with our written consent, elect to have reasonable deductibles for the coverages described above. If you fail to maintain any required insurance, WSC has the right, but not the obligation, to obtain any and all required insurance on your behalf and to charge you for the cost. In such case, you must promptly reimburse WSC for all its costs on demand.

6. To prepare the estimated figures in this table, we rely on the experience of our affiliates in developing, opening, and operating Windermere locations, our knowledge of the experience of our franchisees, and on the general management and business backgrounds of our management.

Item 8: Restrictions on Sources of Products and Services

You are not required to purchase any particular items in connection with the operation of your

business, and you are not required to buy any items from WSC directly. However, any items you purchase that incorporate the Trademark (i.e., the Windermere name and logo) such as stationery, business cards, property marketing signs and other marketing materials must conform to WSC's specifications for use of the Trademark and WSC's brand standards. The specifications are subject to change from time to time with written notice, and you must comply with any such changes in the specifications within a reasonable period of time. The most current specifications are posted on the Windermere Online Resource Center (WORC) intranet site.

With respect to property marketing signs and business cards only, we require that all vendors be pre-approved by the WSC Marketing Department. A list of previously approved vendors ("Approved Sign Vendor") is available on the WORC site, or by request. If you wish to purchase property marketing signs or business cards from a vendor not on the list, please contact the WSC Marketing Department to request approval for your new vendor. Vendors must provide us extensive information about their products or services, their customer satisfaction history, and their financial condition. Although not contractually required to do so, we will generally notify a vendor of approval or disapproval within 10 to 60 days after we receive the required information. Approval of property marketing sign and business card vendors is based on WSC's review of the foregoing information and a subjective determination by WSC regarding the quality of the vendor's products, their ability to conform with WSC's sign/brand standards and the overall "look and feel" of the Windermere Brand; approval may be withheld in WSC's sole discretion.

Because this is a subjective case-by-case evaluation, there are no written approval criteria available to franchisees. Approval of a property marketing sign or business card vendor may be revoked at any time by written notice from WSC if the vendor ceases to meet WSC's criteria for quality of goods and services. Although we do not do so currently, we may charge reasonable testing and/or inspection fees and advise you accordingly.

With respect to building and office signs, you are not limited to working with our Approved Sign Vendors. However, WSC's Marketing Department must approve any proposed office or building sign prior to production to ensure that the proposed design meets WSC's brand standards. It is your responsibility to submit all office and building sign proofs to WSC for approval. There are no Approved Sign Vendors in which an officer of ours owns a material interest.

With respect to all other materials and supplies (other than property marketing signs and business cards) we do not have designated or approved suppliers or vendors from whom you are required to purchase goods or services relating to your franchise business. We do maintain a list of "Preferred Vendors" for some products; "Preferred Vendors" have previously demonstrated consistently high quality and conformance to WSC's specifications.

Because there are no required purchases or leases, WSC receives no revenue from required purchases or leases. However, WSC and its affiliates have the right to receive fees, payments, rebates, commissions or other consideration (collectively "Consideration") from some Approved Sign Vendors, Preferred Vendors or other third-party vendors ("Vendors"). While WSC will derive Consideration from the sales of goods and services from these Vendors, they are optional items which you are not required to purchase. WSC and its affiliates will retain and use any Consideration they receive from Vendors as WSC deems appropriate. In addition, some Windermere-branded promotional items are sold by WSC directly or sold for WSC through one

or more third party vendors.

There are no purchasing arrangements or distribution cooperatives that assist our franchisees in buying or leasing goods or services to establish or operate their franchise business. However, WSC has negotiated purchase arrangements with some vendors and suppliers, including the negotiation of price terms, for the benefit of franchisees. Details are available on request from the WSC Marketing Department.

WSC does not provide material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase or lease of particular products or services or use of particular suppliers. Other than the affiliated entities identified in Item 1, above (some of which provide goods and/or services to franchisees), the officers of WSC do not own any interest in any suppliers that do business with Windermere franchisees.

WSC and its affiliates have the right, subject to any franchisee election to opt-out, to submit listings to third-party listing portal aggregators or services, whether web-based or otherwise ("Listing Services") that will display those listings on public websites. Franchisees may have the option of purchasing related enhancements or other services and items directly from such Listing Services.

Item 9: Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure Document item
a. Site selection and acquisition / lease	Section 2	Item 11
b. Pre-opening purchase / lease	None	Item 11
c. Site development and other pre-opening requirements	None	Item 11
d. Initial and ongoing training	None	Item 11
e. Opening	None	Item 11
f. Fees	Section 7, App. 1	Items 5, 6
g. Compliance with standards and policies/operating manual	Sections 4, 5, 6	Item 11
h. Trademarks and proprietary information	Sections 1, 3, 5, 6, 9, 11	Item 13
i. Restrictions on products / services offered	Sections 1, 4	Item 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable

Obligation	Section in agreement	Disclosure Document item
l. Ongoing product / service purchases	Not applicable	Not applicable
m. Maintenance, appearance and remodeling requirements	Section 6	Item 11
n. Insurance	Section 14	Item 7
o. Advertising	Section 6	Item 11
p. Indemnification	Sections 6, 14	Item 13
q. Owner's participation / management / staffing	None	Item 15
r. Records and reports	Section 7	Item 6
s. Inspections and audits	Section 7	Item 6
t. Transfer	Section 12	Item 17
u. Renewal	Section 8	Item 17
v. Post-termination obligations	Sections 9, 10, 11, 14	Item 17
w. Non-competition covenants	Section 1	Items 15, 17
x. Dispute resolution	Section 15	Item 17

Item 10: Financing

WSC does not routinely offer direct or indirect financing, leases or installment contracts to Windermere franchisees. However, WSC and affiliated entities have, in exceptional circumstances, provided limited financing to some franchisees in the past. The terms of such financing have varied from case to case based on circumstances.

Item 11: Franchisor's Assistance, Advertising, Computer Systems and Training

Except as listed below, WSC is not required to provide you with any assistance.

Pre-Opening

After you have entered the franchise agreement with WSC but before you open your business as a Windermere franchisee WSC will:

1. Confer with you regarding your business location. If you do not yet have office space, or if you wish to relocate your existing office when you become a Windermere franchisee, we will discuss and suggest site selection criteria based on the size of your business, your business objectives, and other market factors. While your location(s) must be approved by WSC (see below), site selection is your responsibility. We generally do not own the premises where you will operate, and do not participate in negotiating the lease or purchase of your location. See Franchise

License Agreement, Section 2.

Your business location(s) must be approved in advance by WSC. We do not select the site for you or restrict the areas in which you may look for a site, but upon request we will assist you in identifying potential locations. In approving your location WSC will consider a variety of factors, including without limitation:

- a. Consistency with the image and reputation of the Windermere brand and Trademark;
- b. The general location and neighborhood of the site you proposed;
- c. Distance from competing real estate brokerage firms;
- d. Traffic patterns, visibility, parking, accessibility, and other physical characteristics of the building or suite in which you propose to be located;
- e. Size of your proposed space as it relates to your business plan and the number of agents/staff you project having at your location; and
- f. Other factors unique to your location or community.

Most franchisees select an initial location before entering into a franchise agreement. If no initial location has been approved before you sign your franchise agreement, then WSC will approve or reject your initial proposed location within ten business days after receipt of written notice requesting approval. If we are unable to agree on the location of your first office, then after three locations have been proposed and rejected you may, at your request, be released from the franchise agreement and your initial franchise fee will be refunded in full.

2. Provide you, on request, with the contact information of one or more architects, contractors and/or interior designers who have in the past worked successfully with other franchisees, if you elect to do some remodeling or decoration of your premises and you request a referral to such service providers. You are not obligated to use any specific professional and are free to use whomever you please. In addition, we will confer with you, on request, regarding your conversion of building signage, if you have existing office space, and the need to comply with local sign ordinance and obtain sign permits. Please note that all Windermere-branded office signage must be approved by WSC prior to creation and installation. WSC offers complimentary office sign design services or will work with you, your designer, and/or sign vendor on your branded signage. You are responsible for any construction, remodeling, or decorating of the premises for the franchised business. You are also responsible for ascertaining and conforming your premises to local ordinances and building codes and obtaining all required permits (including sign permits). See Franchise License Agreement, Sections 2,4.

3. Provide you with a list of “Approved” and “Preferred” vendors who offer a variety of products and services, such as equipment, signs, fixtures, stationary and other supplies, which may be useful to you either during the conversion process or after opening. This list is not exclusive and except for property marketing signs and business cards you are free to trade with whomever you choose. Property marketing signs and business cards must be purchased from approved vendors. All other items displaying the Trademark must conform to WSC’s then current Trademark Use Guidelines. See Item 8, above. You are responsible for obtaining all of your own equipment, signs, fixtures, and supplies. See Franchise License Agreement, Section 6.

4. Meet with you and your management staff for an owner and manager orientation session in which members of our senior staff explain the various Windermere System programs that are available, describe how those programs benefit your sales agents, and discuss program implementation and how we can be of assistance to you in the employment of the Windermere System. The orientation session is normally conducted in the offices of WSC by senior management of WSC, but may also be conducted virtually. The sessions are conducted without charge to you, but you will bear your own travel expenses, if any. Onboarding systems training for your managers and agents is also provided, however, you are responsible for hiring and training your own employees, and independent contractor sales associates. See Franchise License Agreement, Section 3, 13.

5. Provide you access to the Windermere Online Resource Center (WORC), an intranet site, and the HUB, a communications platform accessible only to Windermere and Lyon franchise licensees, managers, agents, and employees. The WORC site contains suggested templates for forms, specifications, standards, and procedures. The HUB provides multiple posts daily to showcase the latest offerings and promotions available for Windermere associates. You are not required to use any of the materials on the WORC or HUB sites, and you are responsible for modifying our templates as necessary to comply with your local laws, as well as the unique needs of your business. We will update or modify the information on the WORC and HUB sites from time to time, but these modifications will not alter your status or rights under the Franchise License Agreement. See Franchise License Agreement, Section 3.

Time to Opening.

Franchisees typically accomplish their conversion or open their franchised business in two to six months after signing the Franchise License Agreement. Existing real estate brokerage businesses that are converting to a Windermere office, and not moving to a new location, typically complete the conversion in approximately two months after signing their Franchise License Agreement. If you do not have an existing business already operating, then the time to opening can be longer, typically approximately six months. Factors that affect this time period include your ability to negotiate a lease or otherwise secure office space, and to obtain financing and building or sign permits; and delays in the delivery or installation of equipment, furniture, signs, etc. In some states there can also be substantial delay in obtaining the required real estate licenses for your business. We encourage you to contact your state licensing authority as soon as possible for guidance on licensing procedures, and an estimate of processing time.

Post-Opening Obligations

During the operation of the franchise business WSC will:

1. Meet with your sales agents, normally within ninety days of opening, and jointly with you present an orientation session explaining the Windermere System programs and describing how they are implemented and how they benefit your sales agents. This orientation session is normally conducted at your office and is without charge to you or your agents. You are responsible for hiring and training your own employees and independent contractor sales associates. See Franchise License Agreement, Sections 4, 13.

2. Remain in regular contact with you and remain available to provide assistance upon request regarding the Windermere System programs available to you, including improvements in existing programs and the development of new programs. See Franchise License Agreement, Section 3.
3. Remain available to provide you consultation, upon request, regarding operating problems you may encounter. These services will be provided on a reasonable and as-available basis. If representatives of WSC travel to your location at your request to provide assistance with operating problems you may be charged for travel expenses incurred, but you will not otherwise be charged for the assistance provided. See Franchise License Agreement, Section 3.
4. Assist you, on request, in the development and design of an advertising program directed at your customers, the general public. The media used to disseminate the advertising may include television, radio, newspaper and other print media, to be selected at your election and expense. The scope of the coverage, whether local or regional, will be at your direction. The source of the advertising copy and other assistance provided to you will be the in-house marketing department of WSC. You may develop and use your own advertising materials as long as they comply with the requirements and specifications of WSC regarding use of the Trademark. See Franchise License Agreement, Sections 3, 6.
5. Assist you, on request, in the development of an advertising program directed at the competitive real estate agent population, if you desire such assistance. Such a program normally consists of mailing announcements to selected competitive agents in your area. The assistance provided to you by WSC will be provided without charge, however you will bear the cost of materials and mailing. See Franchise License Agreement, Sections 3, 6.
6. Assist you, on request, in determining the services to be offered by the franchise to its customers and determining appropriate pricing for such services. It is expected that you will already have an operating real estate brokerage business, and therefore you will already have established the services you offer, and the prices you charge. We will consult with you to evaluate your programs, and suggest, if appropriate, narrowing or expanding your range of services, or adjusting your pricing levels. However, we do not impose minimum or maximum prices, and all final decisions regarding the services offered and the prices charged rest with you, except as discussed below in Item 16. See Franchise License Agreement, Sections 3, 4.
7. Provide you, on request, with recommendations or suggestions for administrative, bookkeeping and accounting systems used by other franchisees in your area, and assist you in locating sources for any required supplies or services. See Franchise License Agreement, Sections 3, 7.
8. Continue providing you access to the Windermere Online Resource Center (WORC), which is an intranet site accessible only to Windermere owners, managers, agents and employees. The WORC site contains suggested templates for forms, specifications, standards and procedures. You are not required to use any of the materials on the WORC site, and you are responsible for modifying our templates as necessary to comply with your local laws, as well as the unique needs of your business. We will update or modify the information on the WORC site from time to time, but these modifications will not alter your status or rights under the Franchise License Agreement. See Franchise License Agreement, Section 3.

Advertising and Promotion.

WSC from time to time, at its discretion, has placed advertisements in various media including print, radio, digital, and television, which advertising has been intended to raise general public awareness of the Windermere brand. WSC intends, but is not required, to conduct such further general brand advertising in the future.

The media in which WSC has previously placed general brand advertising has been primarily local and regional. Future brand advertising, if any, may be local, regional, or national in scope.

WSC's in-house marketing department continues to provide print, digital, and social media advertising creative services, while WSC often engages outside production companies and advertising agencies for major brand campaign advertising and promotions, particularly for radio and television advertising which is more often produced using outside production companies and/or advertising agencies.

You may develop and use your own advertising material, at your own cost, as long as it complies with the requirements and specifications of WSC regarding the use of the Trademark, as well as any other brand, campaign, and marketing guidelines or policies as may be adopted or amended by WSC from time to time. Please check the latest Windermere Brand Standards and Windermere-specific ad campaign standards for direction. At your request WSC will confer with you regarding the development and implementation of an advertising program directed at your customers, the general public, as well as for recruiting real estate sales associates. WSC provides many advertising templates free of charge. Customized advertising may be available from the WSC marketing department for additional charge, which charges are subject to change from time to time.

There is no advertising council, and there is no advertising cooperative. You will be required to contribute to a marketing fund for your region (each region's Marketing Fund, the "Marketing Fund") which is maintained and administered by WSC. You must contribute the amounts described in Item 6, under the heading "Marketing Fee." WSC owns no outlets, so no franchisor-owned outlets contribute to the Marketing Fund. The Marketing Fund is not audited, and financial statements of the fund are not available for review by franchisees.

Expenditures from the Marketing Fund for 2021, excluding State, City, and B&O tax, were as follows:

	Production	Media Placement	Admin	Other	Total Expense
WA	\$384,335.00	\$30,095.00	\$2,525	\$670,614.00	\$1,587,569.00
CA	\$8,239.00	\$35,953.00	\$0.00	\$37,121.00	\$56,253.00
NV	\$5,136.00	\$10,841.00	\$0.00	\$26,457.00	\$42,434.00
AZ	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

	Production	Media Placement	Admin	Other	Total Expense
HI	\$3,573.00	\$9,095.00	\$0.00	\$22,132.00	\$34,800.00
CO	\$4,420.25	\$22,282.89	\$0.00	\$4,000.00	\$30,703.14
OR	\$59,061.00	\$263,145.00	\$980.00	\$99,107.00	\$422,293.00

“Other” expenses include:

- a. WA: Seattle Seahawks sponsorship, public relations, Windermere Living, Windermere Cup, and production of the “Gardner Report”;;
 - b. CA: Windermere Living, Windermere.com SEO, HomeBot subscription, and production of the “Gardner Report”;
 - c. ; NV: Windermere Living, Windermere.com SEO, HomeBot subscription, and production of the “Gardner Report”;
 - d. HI: Windermere Living, Windermere.com SEO, and production of the “Gardner Report”;
 - e. CO: public relations fees, Windermere Living, Windermere.com SEO, and production of the “Gardner Report” ; and
 - f. Public relations fees, Windermere Living, Portland Trailblazers sponsorship, Windermere.com SEO, and production of the “Gardner Report”;
- b
- Marketing Fund contributions collected by WSC not spent in the fiscal year in which they accrue will be budgeted for expenditure in the succeeding year or years.

In 2021 no advertising funds were used principally to solicit new franchise sales.

Except as discussed above, WSC is not required to spend any specific amount on advertising in the area where your franchise business is located.

WSC may receive payments from the Marketing Fund as reimbursement for expenses incurred by WSC in providing goods or services for which the Marketing Fund is intended.

None of the revenues received by WSC for the Marketing Fund are used for the solicitation or sale of franchises.

See Item 6 for additional information.

Required Electronic Systems

You will be required to submit Monthly Statistical Reports to WSC summarizing information about the operations of your business for the preceding month, including gross commission income, number of agents, and other information relevant to calculating fees due to WSC. Currently we require you to submit these reports electronically using a Microsoft Excel spreadsheet prepared by WSC.

To use the spreadsheet reporting form, you will need at least one personal computer running Microsoft Excel, or some other compatible spreadsheet program capable of opening and saving

files in the Excel format. You will also require an internet connection, so the spreadsheet can be transmitted electronically to WSC via e-mail, a web-based interface, or other method as may be developed in the future. WSC does not specify any particular hardware or software, as long as it is capable of opening and saving spreadsheets in the Microsoft Excel file format. See Franchise License Agreement, Section 7. A compatible system can typically be purchased for \$1,000 or less although costs may vary depending on the product and the supplier.

WSC does not provide any ongoing maintenance, repairs, upgrades or updates to your computer hardware or software.

WSC reserves the right to modify its reporting system from time to time. Therefore, you may be required periodically to upgrade the hardware and/or software used for submitting your monthly reports to WSC. It is contemplated that future upgrades will occur not more than once per year, and the cost typically will not exceed \$10,000 per upgrade although costs may vary depending on the product and the supplier. See Franchise License Agreement, Section 7.

Your annual costs for optional or required maintenance, updating, upgrading or support contracts for your electronic systems will vary based on your selected vendor(s) and what equipment you choose to acquire. Except as disclosed above, WSC does not require you to spend any particular amounts for the maintenance, upgrade or replacement of your electronic systems.

WSC reserves the right to require you to acquire a broker management system, which is a software program designed for use in a real estate office to record, track, monitor and report transactions, maintain accurate sales associate roster and provide some form of office accounting and bookkeeping or an interface to a separate accounting or bookkeeping application. As indicated in Item 8, WSC may require you to acquire a broker management system from a set of system vendors approved by WSC. In the event WSC requires installation and adoption of a broker management system, WSC shall so notify you, and you shall take immediate steps to install, be trained on and use the broker management system, not less than six (6) months following written notice from WSC of such requirement. Your annual cost of any optional or required installation, maintenance, updating, upgrading and support contracts will vary depending on the vendor.

WSC will not have independent access to your business's electronic systems. However, you are required to provide access to your accounting and/or financial records on request for purposes of conducting an audit of your monthly fee reports. See Franchise License Agreement, Section 7. WSC reserves the right to have independent access to pull information from any broker management system. In addition, for any broker management system, you would be required to provide access to your records on request for purposes of conducting an audit of your monthly fee reports generated from the broker management system. No other electronic systems are currently required.

Operating Manuals

There are no operating manuals provided by WSC which impose additional obligations upon you, other than those contained or referenced in the franchise agreement itself. As discussed above, the WORC site contains suggested templates, forms, specifications, standards and procedures. We will update or modify the information on the WORC site from time to time, but these modifications

will not alter your status, rights or obligations under the Franchise License Agreement.

Upon request you will be provided access to the WORC site prior to signing your franchise agreement on the condition that you may not copy or disclose any of the content on the WORC site. See Franchise License Agreement, Section 3.

Training Program.

There is no mandatory training program. The orientation sessions with (i) owners and management and (ii) your sales agents described above are provided at your request and are normally provided on an individualized basis tailored to your specific needs or preferences and those of your sales agents. The orientation sessions generally cover the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The- Job Training	Location
Windermere Orientation	3 Hours	NA	At WSC's headquarters in Seattle, Washington, at the franchisee's office, virtually, or other mutually convenient location.
Business Planning	3 Hours	NA	At the franchisee's office, virtually, or other mutually convenient location, or via recorded webinar
How to Engage Your Clients with MoxiWorks, LLC ("Moxi")	3 Hours	NA	At the franchisee's office, virtually, or other mutually convenient location, or via recorded webinar
Moxi Present	3 Hours	NA	At the franchisee's office, virtually, or other mutually convenient location, or via recorded webinar
Personalize Your Page	3 Hours	NA	At the franchisee's office, virtually, or other mutually convenient location, or via recorded webinar

Orientation sessions are offered on an as-needed basis, and are generally presented at the franchisee's office, or at a mutually convenient location selected by the franchisee, or via live or recorded webinar.

Instructional materials used consist of Power Point slide presentations augmented by hard-copy handouts, distributed in soft copy, or as posted on the WORC site or webinar. Materials are updated for each session to include new products and technology, as appropriate. The presentation is interactive, with extensive Q&A time allotted. The instructor is usually Michael Fanning, who has worked for WSC since 1997, and has been doing training in real estate related fields for twenty

years. WSC has the right to substitute instructors and course content. Instructors, unless outside consultants, are usually department heads, topic specialists, corporate officers or certified trainers of WSC or its related companies.

Most orientation sessions are normally conducted at your office or via webinar and without charge to you or your agents. There are therefore no travel or living expenses associated with these orientation sessions. The "Windermere Orientation" session may be conducted at WSC's headquarters in Seattle, Washington; at your office; or another mutually convenient location.

The training sessions are open to all owners, managers, agents, and staff of any Windermere franchisee. Successful completion is not required. In the past year, one hundred percent of new franchisees have requested some form of orientation.

No additional training programs or refresher courses are required.

In addition to the orientation sessions, WSC periodically sponsors "Owner Councils" in various areas where Windermere franchisees operate, and an Owners' Retreat that has been held at various resort locations. The Owner Councils and Owners' Retreat address a variety of topical issues of significance to Windermere franchisees specifically and/or to the real estate industry in general. Although all franchise owners are strongly encouraged to attend, neither event is mandatory. Travel and living expenses for both are borne by franchisees electing to participate.

During the operation of your franchised Windermere office, WSC will provide continuing assistance to you with respect to improvements and changes to the Windermere system. Guidance may be in the form of bulletins or other written materials posted on the WORC site, electronic communication, consultation by telephone or in person at your office, or by other means.

While WSC does not have any particular training requirements, most states have regulations requiring real estate licensees to meet certain educational requirements, both as a prerequisite to licensing, and to maintain licenses in good standing. WSC requires that you operate your business in compliance with all applicable real estate licensing laws and regulations of the state in which your offices are located. In addition, you will need to recruit and provide educational assistance to your independent licensees and employees. We advise that you consult an attorney or your state real estate licensing authority regarding educational requirements for licensing. See Franchise License Agreement, Section 4.

Item 12: Territory

Your franchise license will be for one or more specific locations, which must be approved by the franchisor. You will not be granted any minimum territory. You must receive permission from WSC before opening any additional branch offices or other locations or relocating any office. Such consent may be withheld in the sole discretion of WSC based on the subjective criteria described in Item 11, above.

You will not be granted any option, right of first refusal or other similar rights to acquire additional franchises. You may request permission to do so at any time, but such permission may be withheld in the sole discretion of WSC.

WSC does not grant exclusive territories to any of its franchisees. You will not receive an exclusive territory. You may face competition from other Windermere franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

There are no restrictions on WSC's ability to solicit or accept orders from consumers in the Region. WSC reserves the right to use other channels of distribution to make sales within the Region using the principal Trademarks. WSC does not currently conduct business in the region under any other brand name but reserves the right to do so in the future. No compensation will be due to franchisee under any circumstances based on solicitations or sales in the region.

Other than as restricted by state real estate licensing laws or other laws and regulations, you are not restricted from soliciting or accepting business from consumers in any specific geographic area, either within or outside the region. You are free to use other channels such as the internet, telemarketing, or other direct marketing to make sales within or outside the region, provided that all such activities comply with all applicable laws. However, you may not operate any physical locations except as approved by WSC.

Other than LRE, which WSC has licensed to operate under the name, "Lyon Real Estate, - a Windermere Company," WSC does not currently operate or franchise any business under a different trademark that offers services similar to those offered by Windermere franchisees. WSC has no plans to operate or franchise any such competing business at this time but reserves the right to do so.

Item 13: Trademarks

You are required to operate under the name "Windermere" with a suffix that identifies your company. You may also use other current or future Trademarks that WSC licenses to you. By Trademarks, we mean the Windermere® service mark and other trademarks, service marks, trade names, designs, logos, and other commercial symbols and slogans we periodically designate to use in connection with your franchise, including the following primary Trademarks which are registered on the United States Patent and Trademark Office Principal Register:

There are two principal marks to be licensed to you under the terms of your Franchise License Agreement. These are registered on the principal trademark register of the United States Patent and Trademark Office.

Registration No. [Application No.]	Service Mark	Registration Date [Application Date]
2,047,919	WINDERMERE	March 25, 1997, second renewal April 20, 2017
5,596,934		October 30, 2018

In addition to the two primary marks above, other marks have been registered by WSC which are not licensed to all franchisees. All rights in those marks are retained by WSC for its use only, or may be licensed to certain franchisees only for special purposes at WSC’s sole discretion. Those marks include, without limitation, the names and logos for “The Human Algorithm,” “All In, For You,” “Windermere Commercial,” “Windermere Property Management,” and the “W Collection.”

Registration No. [Application No.]	Service Mark	Registration Date [Application Date]
6,301,919	THE HUMAN ALGORITHM	March 23, 2021
6,097,311	ALL IN, FOR YOU	July 7, 2020
5,596,936		October 30, 2018
5,596,935		October 30, 2018
5,282,478	W COLLECTION	September 5, 2017

The “W Collection” mark is associated with an optional marketing program for high end properties. Participation in the “W Collection” program is optional and is available to franchise licensees who elect to participate, however, not all properties may qualify, in WSC’s sole discretion. There are additional fees associated with the “W Collection” program, which are subject to change at any time. Additional information about the “W Collection” program and costs are available on request.

You must follow our rules and guidelines when using the Trademark, or any other marks licensed to you by WSC. These guidelines include restrictions on your ability to register Internet domain names containing the word “Windermere” or any variations or abbreviations of any of the Trademarks. Trademark and Domain Name Guidelines are found in Windermere’s Brand Standards manual that is available on request from the WSC Marketing Department, and on the WORC intranet site.

There are no currently effective adverse determinations of the United States Patent and Trademark Office, the trademark administrator of this state or any state, or of any court affecting any of the

marks identified herein. There is no pending interference, opposition or cancellation proceeding relevant to the use of any of these trademarks in any state. There is no material pending federal or state court litigation regarding the use or ownership of any of WSC's trademarks. There are no agreements currently in effect which significantly limit the rights of WSC to use or license the use of the Trademark in the United States.

WSC must protect your right to use the principal trademarks identified above. If you become subject to a claim of infringement or unfair competition arising from your use of the Trademark in connection with your real estate brokerage business, WSC will defend the suit at its own expense. You must notify WSC promptly when you learn about an infringement of or challenge to your use of the Trademark, or if you discover any individual or entity using – or asserting the right to use – any identical or confusingly similar mark.

Upon being notified of any such claims, WSC will take action consistent with good business judgment to prevent infringement of the Trademark or unfair competition against Windermere licensees. Such actions will be taken at the discretion of WSC, and at its expense. WSC will control any such litigation, will select legal counsel, and make all decisions concerning the prosecution, defense or settlement of any such litigation in its sole discretion. If you are awarded monetary recovery in any legal proceeding, WSC reserves the right to obtain reimbursement of its expenses from you out of any monetary recovery awarded to you as a result of WSC's intervention on your behalf.

WSC will indemnify you against any expenses or damages you incur as a result of being named as a party to any administrative or judicial proceeding arising from your use of any trademark licensed to you by WSC, or if any such proceeding is resolved unfavorably to you.

If, in the judgment of WSC, it becomes necessary or desirable to modify or discontinue the use of one or more components of the Trademark, you and other Windermere Franchisees will each bear your own expense in connection with the modification and conversion.

WSC is unaware of any superior rights or infringing uses that could materially affect your use of the Trademark in the state where your business will be located.

Item 14: Patents, Copyrights, and Proprietary Information

There are no patents or registered copyrights that are material to the franchise.

All original works of authorship produced by WSC, including marketing, recruiting and advertising materials, as well as content produced by WSC for office or agent web sites, is the property of WSC and is legally protected by means of copyright notice included or embedded in the material or content. All copyright notices are to remain unaltered. As a Windermere Franchisee you will be granted a limited, non-exclusive license to use these materials during the term of your Franchise License Agreement.

Upon expiration or termination of your Windermere franchise you must cease all use of any materials subject to WSC copyright and surrender all physical copies of proprietary Windermere materials to WSC.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

There is no obligation imposed by the Franchise License Agreement that any particular individual, partner, shareholder or officer participate personally in the direct operation of the franchise business.

However, WSC strongly recommends that franchise owners be actively involved in the management of their business, and if the franchisee is an individual, WSC recommends that the franchisee be involved in on-premises supervision of the business.

WSC does not place any limits on who the franchisee may hire as a managing broker or other on-premises supervisor. However, WSC does require that the franchised business comply with all applicable real estate licensing laws and regulations of the state where the business is located. Many states have regulations that limit who may serve as the managing broker of a real estate brokerage office, so WSC recommends that you consult with an attorney or your state's real estate licensing authority concerning this issue.

WSC has no mandatory training program of on-premises supervisors, but state real estate licensing law may require a managing broker to meet certain educational or licensing requirements. Again, we recommend you consult an attorney or your state licensing authority on this issue. See Section 4 of the Franchise License Agreement.

WSC does not require that your on-premises supervisors have any minimum ownership or equity interest in the franchised business. However, some states have real estate licensing laws or regulations that impose such requirements. Again, we recommend you consult an attorney or your state licensing authority on this issue. See Section 4 of the Franchise License Agreement.

All owners (sole proprietors, partners, corporate shareholders, LLC members, etc.) must be identified in the franchise agreement, and must personally guarantee the franchisee's performance of all obligations under the Franchise License Agreement, including the payment of all fees. See the sample Franchise License Agreement attached hereto as Exhibit C.

In addition, the franchisee and all owners (sole proprietors, partners, corporate shareholders, LLC members, etc.) are restricted from engaging in competing real estate brokerage business activities during the term of the franchise. See Section 1 of the Franchise License Agreement.

Item 16: Restrictions on What the Franchisee May Sell

The Franchise License Agreement licenses you to use the Windermere name and Trademark only in connection with conducting a real estate brokerage business. You are obligated to engage in the real estate brokerage business, and you may not engage in any other trade or business whatsoever using the Windermere name or Trademark except with the advance written consent of WSC, which consent may be withheld in WSC's sole discretion. You are required to comply with the guidelines issued by WSC regarding the form, content, image and style of advertising and promotion materials and the standardized use of the Trademark, and regarding approved reasonable standards of operation and service, methods and procedures adopted for the protection and maintenance of the quality image and reputation associated with the Windermere name and Trademark. WSC has sole discretion in determining what constitutes the Windermere image.

WSC may in some cases, in its sole discretion, condition the granting of a new franchise on restricting the customers to whom you may offer your services, or the nature of the services offered. See Exhibit C, which contains sample addenda to the Franchise License Agreement for offices that are limited to the listing and sale of "new construction" residential property; offices that are limited to offering property management services; and offices limited to offering commercial real estate services. If no such limitation is imposed in your Franchise License Agreement, then you are free to render real estate brokerage services to anyone, for any type of property permitted by your state's real estate licensing laws. However, you may only operate the licensed business from the locations specified in the Franchise License Agreement or as subsequently approved by WSC.

WSC has the right, from time to time, to change the types of services you are authorized to conduct under the Windermere name, with six months advance written notice.

Item 17: Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 8	One year.
b. Renewal or extension of the term	Section 8	Renews automatically unless either party gives notice of non-renewal.

Provision	Section in franchise or other agreement	Summary
c. Requirements for the Franchisee to renew or extend	Section 8	No action required; term renews automatically until either party gives notice of non-renewal. On renewal, Franchisee may be asked to sign a new agreement with materially different terms and conditions than in their original agreement.
d. Termination by Franchisee	Section 9	Franchisee may terminate with cause if WSC fails to cure any default after written notice. In addition, either WSC or Licensee may terminate this Agreement on any other grounds applicable by law.
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with cause	Section 9	WSC may give written notice of default and may terminate if Franchisee fails to cure any such default within time stated in the agreement.
g. “Cause” defined – curable defaults	Section 9	Franchisee must cure defaults within 10 days for non-payment and 30 days for a non-monetary default.
h. “Cause” defined– non-curable defaults	Section 9	Certain enumerated defaults are grounds for immediate termination without opportunity to cure.
i. Franchisee’s obligation on termination / non-renewal	Sections 7, 11, 14	Franchisee must pay certain fees following termination, must cease all use of the Trademark and Windermere System, and must continue to carry certain insurance for three years.
j. Assignment of contract by Franchisor	None	Assignment by Franchisor is permitted; assignment by Sub-Franchisor is not permitted.
k. “Transfer” by Franchisee– defined	Section 12	Transfer of franchise rights by Franchisee to another entity; any change in the ownership of Franchisee also constitutes a transfer.

Provision	Section in franchise or other agreement	Summary
l. Franchisor approval of transfer by Franchisee	Section 12	Agreement may not be assigned without WSC's advance written consent
m. Conditions for Franchisor approval of transfer	Section 12	Consent for a transfer must be requested in writing; Requests will be evaluated based on WSC's written standards within 60 days.
n. Franchisor's right of first refusal to acquire Franchisee's business	None	None
o. Franchisor's option to purchase franchisee's business	Section 10	WSC (or its assignee) has an option to buy Franchisee's business if Franchisee gives notice of non- renewal, if franchisee requests consent to transfer a controlling interest, or if the franchise is terminated for cause.
p. Death or disability of Franchisee	Section 12	Franchise terminates unless transferred to an approved transferee within six months after the death or disability of a sole proprietor franchisee, or a sole owner on a Franchisee entity.
q. Non- competition covenants during the term of the franchise	Section 1	Neither the Franchisee nor its principals may engage in any competing real estate brokerage business during the term of the franchise.
r. Non-competition covenants after the franchise is terminated or expires	None	No restrictions.
s. Modification of the agreement	Section 16	May only be modified by mutual agreement of the parties in writing.

Provision	Section in franchise or other agreement	Summary
t. Integration / merger clause	Section 16	The Franchise License Agreement (the “Agreement”) and all exhibits to the Agreement constitute the entire agreement between the parties and supersedes any and all prior negotiations, understandings, representations, and agreements. The Franchise License Agreement (the “Agreement”) and all exhibits to the Agreement constitute the entire agreement between the parties and supersedes any and all prior negotiations, understandings, representations, and agreements. Nothing in the Agreement or in any related agreement, however, is intended to disclaim the representations made in this franchise disclosure document. By signing the Agreement, you acknowledge that you are entering into the Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in the Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.
u. Dispute resolution by arbitration or mediation.	Section 15	The franchise agreement requires binding arbitration. Costs will be borne equally by the parties.

Provision	Section in franchise or other agreement	Summary
v. Choice of forum	Section 15	In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation.
w. Choice of law	Section 15	The agreement is governed by the law of the State of Washington.

Item 18: Public Figures

There are no public figures used in the franchise name or Trademark. No public figures are used to endorse or recommend the franchise to prospective franchisees. No public figures are involved in the management or control of WSC.

Item 19: Financial Performance Representations

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

We do not make any 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 any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting WSC's General Counsel, 1151 Fairview Ave. North, Suite 105, Seattle, WA 98109, 206-527-3801, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

**Table No. 1: Franchisor
Systemwide Outlet Summary For years –2019 - 2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	315	313	-2
	2020	313	311	-2
	2021	311	304	-7
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	315	313	-2
	2020	313	311	-2
	2021	311	304	-7

INTENTIONALLY BLANK

**Table No. 2: Franchisor
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For
Years 2019 - 2021**

AZ	2019	0
	2020	2
	2021	0
CA	2019	0
	2020	0
	2021	3
CO	2019	0
	2020	2
	2021	1
HI	2019	0
	2020	0
	2021	0
ID	2019	1
	2020	0
	2021	3
MT	2019	0
	2020	0
	2021	1
NV	2019	0
	2020	0
	2021	0
OR	2019	0
	2020	2
	2021	3
UT	2019	0
	2020	0
	2021	0
WA	2019	3
	2020	8
	2021	5
MEXICO	2019	0
	2020	1
	2021	0

**Table No. 3: Franchisor
Status of Franchised Outlets For Years 2019 - 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations (Outlets Closed)	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets At End of the Year
AZ	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
CA	2019	39	1	10	0	0	0	30
	2020	30	0	3	0	0	0	27
	2021	27	0	2	0	0	0	25
CO	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	1	0	0	0	5
HI	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	2	0	0	2
ID	2019	13	1	0	0	0	0	14
	2020	14	0	1	0	0	0	13
	2021	13	0	0	0	0	0	13
MT	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
NV	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	2	0	0	0	3
OR	2019	69	1	0	0	0	0	70
	2020	70	1	1	0	0	0	70
	2021	70	2	6	0	0	0	66
UT	2019	10	3	1	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	1	0	0	0	0	13
WA	2019	163	3	0	0	0	0	166
	2020	166	3	3	0	0	0	166
	2021	166	3	2	0	0	0	167
Total US Outlets	2019	314	9	11	0	0	0	312
	2020	312	6	8	0	0	0	310
	2021	310	7	13	1	0	0	303

State	Year	Outlets at Start of Year	Outlets Opened	Terminations (Outlets Closed)	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets At End of the Year
MX	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total All Outlets	2019	315	9	11	0	0	0	313
	2020	313	6	8	0	0	0	311
	2021	311	7	13	1	0	0	304

**Table No. 4: Franchisor
Status of Company-Owned Outlets For Years 2019 – 2021**

There are no company owned outlets.

**Table No. 5: Franchisor
Projected Openings as of December 31, 2021**

State	Franchise License Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company- Owned Outlet in the Next Fiscal Year
AZ	1	1	0
CA	1	16	0
CO	0	0	0
HI	0	0	0
ID	0	0	0
MT	0	0	0
NV	0	0	0
OR	0	0	0
UT	0	0	0
WA	0	0	0
MEXICO	0	0	0
TOTAL	2	17	0

A list of the names of all current franchisees, as well as their addresses and telephone numbers of each of their offices, is attached hereto as Exhibit A. Also attached as Exhibit A is a list of the name, city, state and current business telephone number (or last known home telephone number) of every franchisee who had a franchise license terminated, canceled, not renewed, or which otherwise voluntarily or involuntarily ceased to do business under the Windermere name during the most recently completed fiscal year, or who has not communicated with the franchisor within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with WSC. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. In the last fiscal year there were no Franchisor or Sub-Franchisor sales of operating businesses that were once owned by franchisees.

As of the issuance date of this disclosure document, there were no trademark-specific franchise associations required to be disclosed in this Item. Franchisee advisory committees and franchisee associations, including name, contact information including email and Web site, and disclosure of whether or not the Franchisor or Sub-Franchisor sponsors the organization, and whether they asked to be included in the FDD are listed below: None.

Item 21: Financial Statements

The financial statements of Windermere Real Estate Services Company listed below are attached to this Disclosure Document as Exhibits B:

Exhibit B, Audited statements:

- Independent Auditor's Consent Letter
- December 31, 2019, 2020 and 2021 Consolidated Financial Statements, Independent Auditor's Report, and Supplemental Schedules

Item 22: Contracts

The contracts listed below are attached to this Disclosure Document:

As Exhibit C:

- Franchise License Agreement
- Addendum to Franchise License Agreement for New Construction Offices
- Addendum to Franchise License Agreement for Property Management Offices
- Addendum to Franchise License Agreement for Commercial Offices
- Addendum to Franchise License Agreement for California Franchisees
- Addendum to Franchise License Agreement for Washington Franchisees

Item 23: Receipts

Receipts are located at the end of the disclosure packet, after all the exhibits.

Exhibit A - List Of Windermere Offices

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

*Indicates some ownership interest held by an owner of WSC.

Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
1	Property Management-Scottsdale	Windermere Real Estate & Property Management (Verdi)	10697 N Frank Lloyd Wright Blvd #107	Scottsdale	AZ	85259-2681	(480) 794-1439
2	Scottsdale- North	Windermere Real Estate & Property Management (Verdi)	10697 N Frank Lloyd Wright Blvd #107	Scottsdale	AZ	85259-2681	(480) 794-1439
1	Alameda	Windermere Bay Area Properties	1700 Park Street, Suite 220	Alameda	CA	94501	(510) 865-1111
2	Alpine	Windermere Homes and Estates	2605 Alpine Blvd, Suite 3	Alpine	CA	91901	(619) 659-0076
3	Carlsbad Village	Windermere Homes and Estates	300 Carlsbad Village Dr, Ste 223	Carlsbad	CA	92008	(760) 729-2900
4	Del Mar	Windermere Homes and Estates	1312-A Camino Del Mar	Del Mar	CA	92014	(858) 755-4862
5	Escondido	Windermere Homes and Estates	830 W. Valley Pkwy. Suite 330	Escondido	CA	92025	(858) 487-5110
6	Fairfield	Windermere Greystone Real Estate	1000 Texas Street, Ste. A	Fairfield	CA	94533	(707) 430-0107
7	Gilroy	Windermere Valley Properties (Mavens)	7473 Monterey	Gilroy	CA	95020	(408) 693-1639
8	Granite Bay	Windermere Granite Bay	9257 Sierra College Blvd, Suite A	Granite Bay	CA	95746	(916) 797-0707
9	Morgan Hill	Windermere Valley Properties	17400 Monterey Rd, Ste 1D	Morgan Hill	CA	95037	(800) 553-2131
10	Napa	Windermere Napa Valley Properties	1040 Third Street	Napa	CA	94559	(707) 226-1823
11	Palm Desert	Windermere Homes and Estates	73-725 El Paseo Drive, Ste 23A	Palm Desert	CA	92260	(760) 585-8868
12	Palm Valley	Windermere Homes and Estates	76300 Country Club Drive	Palm Desert	CA	92211	(760) 200-1490
13	*Palm Springs	Windermere Real Estate Desert Properties	296 N Palm Canyon Dr	Palm Springs	CA	92262	(760) 321-0883

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
14	Paso Robles	Windermere Central Coast Properties	1446 Spring St, Suite 105	Paso Robles	CA	93446	(805) 226-4100
15	Pinole	Windermere Rowland Realty	930 San Pablo Ave, Ste A	Pinole	CA	94564	(510) 222-9150
16	Redding	Windermere NorCal Properties	415 Knollcrest Drive, Suite 102	Redding	CA	96002	(530) 224-2270
17	Riverside	Windermere Tower Properties	7197 Brockton Ave, Ste 6	Riverside	CA	92506-	(951) 369-8002
18	Merrill	Windermere Tower Properties	4010 Merrill Ave	Riverside	CA	92506	(951) 369-8002
19	Salinas	Windermere Valley Properties	1191-A N. Main Street	Salinas	CA	93906	(800) 553-2131
20	Rancho Bernardo	Windermere Homes and Estates	16783 Bernardo Center Drive, Suite D-1	San Diego	CA	92128	(858) 487-5110
21	Rancho Bernardo- The Plaza	Windermere Homes and Estates	16777 Bernardo Center Drive, Ste E-3	San Diego	CA	92128	(858) 487-5110
22	Scripps Ranch	Windermere Homes and Estates	9988 Hibert St Suite 150	San Diego	CA	92131-2480	(858) 530-1100
23	Temecula	Windermere Homes and Estates	41923 Second Street, Suite 101	Temecula	CA	92590	(951) 234-0724
24	Walnut Creek	Windermere Bay Area Properties	1212 Broadway Plaza, Suite 2100	Walnut Creek	CA	94596	(925) 256-1600
25	Walnut Creek- Diablo	Windermere Diablo Realty	1301 Ygnacio Valley Road, Suite 100	Walnut Creek	CA	94598	(925) 933-9300
1	DTC	Windermere Real Estate Centennial	9155 E Nichols Ave, #175	Centennial	CO	80112	(303) 930-8800
2	Metro Denver	Windermere Metro Denver Real Estate	4155 East Jewell Avenue, Suite 400B	Denver	CO	80222	(720) 643-4411
3	*Evergreen	Windermere Evergreen	32045 Castle Court, Suite 101	Evergreen	CO	80439	(303) 670-0268
4	*Fort Collins	Colorado Professionals	255 E. Monroe Drive #2	Fort Collins	CO	80525	(970) 460-3033
5	*Windsor	Colorado Professionals	207 4th St	Windsor	CO	80550	(970) 460-4303

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
1	*Kona- Big Island	Windermere C and H Properties	75-5919 Walua Road	Kailua-Kona	HI	96740	(808) 329-2601
2	*Waikoloa- Big Island	Windermere C and H Properties	69-201 Waikoloa Beach Dr. #505	Waikoloa	HI	96738	(808) 883-3321
1	Los Cabos	Windermere Los Cabos	Canadas 4, Col. Querencia, San Jose Del Cabo	Baja California Sur, C.P.	MX	23429	(624) 228-3509
1	Boise- Professionals	Windermere Real Estate Professionals	2417 Bogus Basin Road	Boise	ID	83702	(208) 343-5412
2	Property Management- Boise	Windermere Real Estate/Gibson Property Management Group, LLC	1412 W Idaho, Suite 120A	Boise	ID	83702-	(208) 713-8890
3	Boise Valley	Windermere Real Estate Boise Valley	1412 West Idaho, Ste 120	Boise	ID	83702	(208) 258-2222
4	Boise- Powerhouse Group	Windermere Powerhouse Group, LLC	621 South 17th St	Boise	ID	83702	(208) 920-5966
5	Caldwell	Windermere Powerhouse Group, LLC	2900 East Cleveland Blvd	Caldwell	ID	83605	(208) 459-2200
6	Coeur d'Alene	Windermere/Coeur d'Alene Realty, Inc.	1000 Northwest Blvd.	Coeur d'Alene	ID	83814	(208) 664-9221
7	Eagle- Professionals	Windermere Real Estate Professionals	450 W State St, Ste 250	Eagle	ID	83616	(208) 343-5412
8	*Sun Valley- Hailey	Windermere Real Estate/SV, LLC	P.O. Box 1270/100 N. Main St	Hailey	ID	83333	(208) 788-1700
9	Hayden Lake	Windermere/Hayden, LLC	867 Prairie Avenue	Hayden	ID	83835	(208) 762-4888
10	Horseshoe Bend- Professionals	Windermere Real Estate Professionals	400 ID-55 Suite B	Horseshoe Bend	ID	83629	(208) 830-2829
11	Lewiston	Windermere All Star Realty	132 Thain Road, Suite 102	Lewiston	ID	83501	(208) 798-7777

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
12	Post Falls	Windermere/Coeur d'Alene Realty, Inc.	1616 E Seltice Way	Post Falls	ID	83854	(208) 777-9900
13	*Sun Valley-Ketchum	Windermere Real Estate/SV, LLC	P.O. Box 2307	Sun Valley	ID	83353	(208) 622-2700
1	Bozeman	Windermere Bozeman	510 S 23rd Ave	Bozeman	MT	59718	(406) 587-0990
2	Bozeman-Downtown	Windermere Bozeman-Downtown	135 East Main Street	Bozeman	MT	59715	(406) 624-6810
3	Hamilton	Windermere Real Estate/Hamilton	1920 North 1st Street	Hamilton	MT	59840	(406) 363-3222
4	Helena	Windermere Real Estate Helena	55 W 14th St, Ste 103	Helena	MT	59601	(406) 442-1578
5	Missoula	Windermere Real Estate/Missoula	2800 South Reserve Street	Missoula	MT	59801	(406) 541-6550
6	Whitefish	Windermere Whitefish	307 Spokane Ave, Suite 100	Whitefish	MT	59937-2613	(406) 730-2696
1	Henderson- Anthem Hills	Windermere Anthem Hills, LLC	12231 S Eastern Ave., Ste 150	Henderson	NV	89052	(702) 212-1900
2	Henderson-Inspirada	Windermere Anthem Inspirada	2880 Bicentennial Parkway Ste 130	Henderson	NV	89044	(702) 453-7653
3	Las Vegas-Summerlin	Windermere Excellence	10845 W. Griffith Peak Drive	Las Vegas	NV	89135	(702) 325-2201
1	Albany	Windermere/Willamette Valley	331 2nd Ave SW	Albany	OR	97321	(541) 791-4663
2	Ashland	Windermere/Van Vleet & Associates, Inc.	375 Lithia Way,	Ashland	OR	97520	(541) 482-3786
3	Astoria	Windermere/Community Commercial Realty	175 14th Street, Suite 120	Astoria	OR	97103	(503) 325-5111
4	Bend	Windermere Central Oregon Real Estate	807 SW Industrial Way	Bend	OR	97702	(541) 389-7910

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
5	Tri-Cities - Boardman	Windermere Group One/Tri-Cities	202 N. Main St.	Boardman	OR	97818	(541) 303-1414
6	*Cannon Beach	Windermere Realty Trust	255 N Hemlock/ P.O. Box 186	Cannon Beach	OR	97110	(800) 676-1176
7	Clatskanie	Windermere/St. Helens Real Estate, Inc.	155 W Columbia River Hwy./ P.O. Box 128	Clatskanie	OR	97016	(503) 728-2134
8	Corvallis	Windermere/Willamette Valley	987 NW Circle Blvd	Corvallis	OR	97330	(541) 754-6101
9	Commercial- Corvallis	Windermere/Willamette Valley	987 NW Circle Blvd	Corvallis	OR	97330	(541) 754-6101
10	Property Management- Corvallis	Windermere Willamette Valley Property Management	987 NW Circle Blvd	Corvallis	OR	97330-1408	(541) 754-6161
11	Cottage Grove	Windermere Real Estate/Lane County	609 East Main Street	Cottage Grove	OR	97424-2039	(541) 465-8123
12	Eagle Point	Windermere/Van Vleet & Associates, Inc.	435 Old Hwy 62	Eagle Point	OR	97524	(541) 826-4181
13	Eugene	Windermere Real Estate/Lane County	1600 Oak Street	Eugene	OR	97401	(541) 484-2022
14	North Eugene	Windermere Real Estate/Lane County	3011 North Delta, Suite 103	Eugene	OR	97408	(541) 465-8103
15	Florence	Windermere Real Estate/Lane County	1625 12th St	Florence	OR	97439	(541) 997-5926
16	*Gearhart	Windermere Realty Trust	P.O. Box 2729, 588 Pacific Way	Gearhart	OR	97138	(503) 738-8522
17	Lincoln City- Salishan	Windermere/Distinctive Coastal Properties	7755 Highway 101 North, Suite F-2 / P.O. Box 605	Gleneden Beach	OR	97388	(541) 764-3323
18	Grants Pass	Windermere Real Estate Southern Oregon	202 NE Evelyn Avenue	Grants Pass	OR	97526	(541) 479-8686
19	Happy Valley	Windermere Happy Valley	13255 SE 130th Ave, Suite 400	Happy Valley	OR	97086	(503) 658-2030
20	Tri-Cities - Hermiston	Windermere Group One/Tri-Cities	945 B. SE 4th Street	Hermiston	OR	97838	(541) 303-1414

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
21	*Hillsboro	Windermere West, LLC	1341 NE Orenco Station Parkway	Hillsboro	OR	97124	(503) 648-1169
22	Hood River	Windermere Real Estate Columbia River Gorge	504 Cascade St.	Hood River	OR	97031	(541) 386-3444
23	Hood River- Oak Street	Windermere Real Estate Columbia River Gorge	315 Oak Street/PO Box 657	Hood River	OR	97031	(541) 386-3444
24	Cascade Locks	Windermere Real Estate Columbia River Gorge	PO Box 657 (651 Wa Na Pa St., Cascade Locks, OR 97014)	Hood River	OR	97031	(541) 374-0031
25	Jacksonville Fifth St.	Windermere Van Vleet Jacksonville, LLC	505 N 5th St.	Jacksonville	OR	97530	(541) 899-2000
26	Klamath Falls	Windermere Real Estate Klamath Falls	519 Main Street	Klamath Falls	OR	97601	(541) 885-4400
27	*Lake Oswego	Windermere Realty Trust	220 A Avenue, Suite 200	Lake Oswego	OR	97034	(503) 636-5000
28	Lake Oswego- West	Windermere Realty Group, LLC	3689 Carman Dr., Suite 100	Lake Oswego	OR	97035	(503) 675-8264
29	Lebanon	Windermere/Willamette Valley	744 S. Main Street	Lebanon	OR	97355	(541) 754-6101
30	Madras	Windermere Central Oregon Real Estate	12 SW 5th St	Madras	OR	97741	(541) 475-7001
31	McMinnville	Windermere Pacific Crest Realty	609 NE Baker St., Suite 110	McMinnville	OR	97128	(503) 474-1234
32	Medford- Van Vleet	Windermere/Van Vleet & Associates, Inc.	1117 E Jackson St	Medford	OR	97504	(541) 779-6520
33	Milton- Freewater	Windermere Real Estate Milton-Freewater	905 1/2 Main (202 S 1st Ave, Walla Walla, 99362)	Milton-Freewater	OR	97862	(541) 938-3155
34	Monmouth	Windermere/Willamette Valley	150 Main St. E.	Monmouth	OR	97361	(503) 838-1141
35	*Newberg	Windermere West, LLC	1505 NE Portland Rd	Newberg	OR	97132	(503) 648-1169
36	Newport	Windermere/Willamette Valley	914 SW Coast Hwy	Newport	OR	97365	(541) 265-5455

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
37	*Pacific City	Windermere West, LLC	34950 Brooten Rd. Suite A-1	Pacific City	OR	97135	(503) 483-1133
38	*Portland- Lloyd Tower NE	Windermere Realty Trust	825 NE Multnomah St., Ste. 120	Portland	OR	97232	(503) 284-7755
39	*Portland- NW Johnson	Windermere Realty Trust	733 NW 20th Avenue	Portland	OR	97209	(503) 220-1144
40	*Portland- Moreland	Windermere Realty Trust	1610 SE Bybee Blvd.	Portland	OR	97202	(503) 233-7777
41	*Portland Heights	Windermere Realty Trust	2424 SW Vista Avenue	Portland	OR	97201	(503) 227-5500
42	*Portland- Raleigh Hills	Windermere Realty Trust	6443 SW Beaverton Hillsdale Hwy Suite 100	Portland	OR	97221	(503) 297-1033
43	*Portland- Hawthorne	Windermere Realty Trust	5015 SE Hawthorne Blvd.	Portland	OR	97215	(503) 232-4763
44	*Portland- Pearl District	Windermere Realty Trust	1220 NW Lovejoy St. Suite 130	Portland	OR	97209	(503) 294-1101
45	*Relocation- OR	Windermere Relocation, LLC	1610 SE Bybee Blvd	Portland	OR	97202	(503) 598-0800
46	Commercial- PDX Metro	Windermere/Community Commercial Realty	2105 NE Cesar E Chavez Blvd, Suite 220	Portland	OR	97212	(503) 249-1706
47	Portland- Hollywood	Windermere/Community Commercial Realty	2105 NE Cesar E Chavez Blvd, Ste 220	Portland	OR	97212	(503) 249-1706
48	Property Management- PDX Metro	Windermere/Community Commercial Realty	2105 NE Cesar E Chavez Blvd, Ste 200	Portland	OR	97212	(503) 249-1706
49	Bridgeport	Windermere/Bridgeport Realty Group	16760 SW Upper Boones Ferry Road Suite #103	Portland	OR	97224	(503) 639-7914
50	Portland- North	Windermere Peninsula Realty Group	6110 N Lombard St	Portland	OR	97203	(503) 286-5826
51	Property Management- Portland	Windermere Voss Property Management & Associates	6110 N Lombard St	Portland	OR	97203	(503) 546-7902
52	Prineville	Windermere Swifterra	150 NW 4th St	Prineville	OR	97754	(541) 447-5207
53	Redmond- OR	Windermere Central Oregon Real Estate	821 SW 6th St	Redmond	OR	97756	(541) 923-4663
54	Commercial- Redmond	Windermere Central Oregon Real Estate	821 SW 6th St	Redmond	OR	97756	(541) 548-2772
55	Rogue River	Windermere Real Estate Southern Oregon	211 E Main St	Rogue River	OR	97537	(541) 582-2000

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
57	Salem	Windermere Pacific West Properties, Inc.	4285 Commercial St. SE Ste 100	Salem	OR	97302	(503) 391-1350
58	Salem- Downtown	Windermere Heritage	960 Liberty St. SE Ste. 250A	Salem	OR	97302-4171	(503) 558-4400
59	Sandy	Windermere/Sandy Real Estate	38720 Proctor Blvd. Suite 101	Sandy	OR	97055	(503) 668-4131
60	Scappoose	Windermere/St. Helens Real Estate, Inc.	51505 Columbia River Hwy	Scappoose	OR	97056	(503) 543-6343
61	Shady Cove	Windermere/Trails End Real Estate, LLC	PO Box 1004/21675 Highway 62	Shady Cove	OR	97539	(541) 878-2249
62	Sunriver	Windermere Central Oregon Real Estate	57100 Beaver Dr Bldg 25, Ste 110	Sunriver	OR	97707	(541) 323-5888
63	The Dalles	Windermere Real Estate Columbia River Gorge	122 E 2nd St	The Dalles	OR	97058	(541) 298-4451
64	Property Management- Gorge	Windermere Property Management Columbia Gorge	122 E 2nd St, Suite A	The Dalles	OR	97058-1704	(541) 386-7368
65	Vida	Windermere Real Estate/Lane County	45632 McKenzie Hwy	Vida	OR	97488	(541) 484-2022
66	Wilsonville	Windermere/Bridgeport Realty Group	31960 SW Charbonneau Dr. Suite 105	Wilsonville	OR	97070	(503) 694-1011
1	*Wasatch Back	Windermere Real Estate-Utah	12 South Main Street	Coalville	UT	84017	(435) 649-4308
2	*Holladay	Windermere Real Estate-Utah	4345 S. 2300 E.	Holladay	UT	84115	(801) 485-3151
3	*Padre Canyon	Windermere Real Estate-Utah	800 Tuacahn Dr.	Ivins	UT	84738	(801) 485-3151
4	*Layton	Windermere Real Estate-Utah	2244 University Park Blvd	Layton	UT	84041	(801) 781-3100
5	*Salt Lake City- Union Park	Windermere Real Estate-Utah	7090 Union Park Ave. Suite 160	Midvale	UT	84047	(801) 449-9400

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
6	*West Valley City	Windermere Real Estate-Utah	7090 Union Park Ave. Suite 160	Midvale	UT	84047	(801) 204-6000
7	*Park City	Windermere Real Estate-Utah	1835 Three Kings #75	Park City	UT	84060	(801) 485-3151
8	*Park City- Deer Valley	Windermere Real Estate-Utah	1375 Deer Valley Dr.	Park City	UT	84060	(801) 485-3151
9	*Park City- Park Ave	Windermere Real Estate-Utah	Reid Bldg. 750 Kearns Blvd.	Park City	UT	84060	(801) 485-3151
10	*Park City- Silver Lake	Windermere Real Estate-Utah	7600 Royal Street	Park City	UT	84060	(801) 485-3151
11	*Salt Lake City- Sugar House	Windermere Real Estate-Utah	1240 E 2100 S, Ste 600	Salt Lake City	UT	84106	(801) 485-3151
12	*Ninth & Ninth	Windermere Real Estate-Utah	1059 E 900 S, Floor 2	Salt Lake City	UT	84105	(801) 485-3151
13	*Salt Lake City- Downtown	Windermere Real Estate-Utah	46 W Broadway	Salt Lake City	UT	84101	(801) 485-3151
1	Aberdeen- Grays Harbor	Windermere Real Estate/Aberdeen	101 South Broadway	Aberdeen	WA	98520-6211	(360) 533-6464
2	Allyn- Hood Canal South	Windermere Peninsula Properties	P.O. Box 200	Allyn	WA	98524-0200	(800) 228-9523
3	Anacortes	Windermere Real Estate/Anacortes Properties	3018 Commercial Avenue	Anacortes	WA	98221-2740	(360) 293-8008
4	Arlington	Windermere Real Estate/Arlington	210 E. Burke Avenue	Arlington	WA	98223-1007	(360) 435-0700
5	Auburn- Lakeland Hills	Windermere Real Estate/Lake Tapps, Inc.	1402 Lake Tapps Pkwy East F103	Auburn	WA	98092-8157	(253) 939-7442
6	Bainbridge Island	Windermere Real Estate/BI, Inc.	249 Winslow Way E Ste. #400	Bainbridge Island	WA	98110-3270	(206) 842-5626
7	Commercial- Bainbridge Island	Windermere Commercial/ERES	360 Tormey Lane NE, Suite 298	Bainbridge Island	WA	98110-1996	(206) 780-5007
8	Property Management- Bainbridge Island	Windermere Commercial/ERES	360 Tormey Lane NE, Suite 298	Bainbridge Island	WA	98110-1996	(206) 780-5007

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
9	Belfair	Windermere Peninsula Properties	30 NE Romance Hill Rd. #102	Belfair	WA	98528-8316	(360) 275-5002
10	Property Management-Bellevue	Windermere Property Management/Lori Gill & Associates	700 112th Ave NE Ste 203	Bellevue	WA	98004-5106	(425) 455-5515
11	Bellevue Commons	Windermere Real Estate/Bellevue Commons, Inc.	100 116th Ave SE	Bellevue	WA	98004-6408	(425) 462-8000
12	Bellevue	Windermere Real Estate/East, Inc.	700 112th Ave NE, Suite 100	Bellevue	WA	98004-5106	(425) 455-5300
13	Bellevue South	Windermere Real Estate/East, Inc.	14405 SE 36th St., Suite 100	Bellevue	WA	98006-1588	(425) 643-5500
14	Bellevue West	Windermere Real Estate/East, Inc.	150 120th Ave NE Ste 200 BLDG F	Bellevue	WA	98005-3020	(425) 455-9800
15	Property Management-Bellingham	Windermere Management	541 W. Bakerview Rd	Bellingham	WA	98226-9171	(360) 733-7944
16	Bellingham	Windermere Real Estate/Whatcom, Inc.	515 W Bakerview Rd.	Bellingham	WA	98226-9171	(360) 734-7500
17	Bellingham- Fairhaven	Windermere Real Estate/Whatcom, Inc.	1200 Old Fairhaven Parkway	Bellingham	WA	98225-7446	(360) 671-5000
18	Bingen	Windermere Real Estate Columbia River Gorge, Inc.	106 W Steuben/ PO Box 773	Bingen	WA	98605-9177	(509) 493-4666
19	Property Management-Bingen	Windermere Property Management Columbia Gorge	106 Steuben	Bingen	WA	98605-9177	(541) 386-7368
20	Birch Bay- Blaine	Windermere Real Estate/Whatcom, Inc.	8105 Birch Bay Square Street	Blaine	WA	98230-9802	(360) 371-5100
21	Mill Creek	Windermere Real Estate/Mill Creek, Inc.	18323 Bothell Everett Hwy Suite 210	Bothell	WA	98012-5246	(425) 481-6666
22	Burien	Windermere Real Estate/South, Inc.	401 S.W. 152nd St.	Burien	WA	98166-2208	(206) 244-5900
23	Camano Island- Terry's Corner	Windermere Real Estate/CIR	818 N. Sunrise Blvd.	Camano Island	WA	98282-7209	(360) 387-4663

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
24	Camas	Windermere/Crest Realty Co.	401 NE 3rd Ave	Camas	WA	98607-2123	(360) 834-3344
25	Cathlamet	Windermere Kelso Longview	102 Main St., #200	Cathlamet	WA	98612-9588	(360) 795-0552
26	Centralia	Windermere/Centralia	411 West Main Street	Centralia	WA	98531-4249	(360) 736-3300
27	Lake Chelan-Downtown	Windermere Real Estate/Lake Chelan	142-A E Woodin Ave, Ste 201	Chelan	WA	98816-9291	(509) 436-7118
28	Lake Chelan-Midtown	Windermere Real Estate/Lake Chelan	118 Sanders St, #1	Chelan	WA	98816	(509) 682-5100
29	Vacation Rentals-Lake Chelan	Windermere Vacation Rentals Lake Chelan	142-A E Woodin Ave, Ste 202	Chelan	WA	98816-9291	(509) 415-3505
30	Chewelah	Windermere Chewelah LLC	N. 113th Park St./ P.O. Box 1429	Chewelah	WA	99109-1429	(509) 935-6124
31	Cle Elum	Windermere Real Estate/Cle Elum	807 W First Street	Cle Elum	WA	98922-1011	(800) 635-1883
32	Colville	Windermere Colville	790 South Main	Colville	WA	99114-2543	(509) 684-1012
33	Whidbey Island-Coupeville	Windermere Real Estate/Whidbey Island	P.O. Box 610, 5 South Main St.	Coupeville	WA	98239-0610	(360) 678-5858
34	Deer Park	Windermere Deer Park	11 E H St, Suite E	Deer Park	WA	99006-7130	(509) 276-9852
35	Orcas Island	Windermere Real Estate/Orcas Island, Inc.	18 Haven Road / P.O. Box 310	Eastsound	WA	98245-9132	(800) 842-5770
36	Property Management-Edmonds	Windermere Property Management/Lori Gill & Associates	146 3rd Ave South	Edmonds	WA	98020-3556	(425) 672-2000
37	Edmonds	Windermere Real Estate/GH LLC	210 5th Ave. S., Suite 102	Edmonds	WA	98020-3625	(425) 672-1118
38	Ellensburg	Windermere Real Estate/Ellensburg	808 S. Main	Ellensburg	WA	98926-3669	(509) 925-5577

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

*Indicates some ownership interest held by an owner of WSC.

Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
39	Entiat	Windermere Real Estate/NCW	14754 Hwy 97A	Entiat	WA	98822-9782	(509) 784-9016
40	*Enumclaw	Windermere Professional Partners	2744 Griffin Ave	Enumclaw	WA	98022-2323	(360) 825-6505
41	Ephrata	Windermere Real Estate/Central Basin,LLC	1133 Basin SW	Ephrata	WA	98823-2139	(509) 754-1168
42	Everett- South	Windermere Real Estate/M2, LLC	9502 19th Ave. SE Ste. A	Everett	WA	98208-3851	(425) 338-0600
43	Commercial- Everett	Windermere Real Estate/Realty Brokerage, Inc.	7003 Evergreen Way, Suite A	Everett	WA	98203-5153	(425) 355-0707
44	Property Management- Everett	Windermere Real Estate/Realty Brokerage, Inc.	7003 Evergreen Way, Suite A	Everett	WA	98203-5153	(425) 348-7368
45	Federal Way- West Campus	Windermere Real Estate/West Campus, Inc.	33455 6th Ave S, Suite 1-A	Federal Way	WA	98003-6074	(253) 838-7900
46	Federal Way	Windermere Real Estate/South Sound, Inc.	33455 6th Ave S, Suite 1-A	Federal Way	WA	98003-6074	(253) 838-8900
47	Ferndale	Windermere Real Estate/Whatcom, Inc.	1894 Main St	Ferndale	WA	98248-9454	(360) 398-6800
48	Whidbey Island- Freeland	Windermere Real Estate/South Whidbey	5531 Freeland Avenue	Freeland	WA	98249-9734	(360) 331-6006
49	San Juan Island	Windermere Real Estate/San Juan Island	50 Spring Street; PO Box 3049	Friday Harbor	WA	98250-7199	(360) 378-3600
50	*Gig Harbor- Professional Partners	Windermere Professional Partners	2727 Hollycroft, Suite 210	Gig Harbor	WA	98335-1312	(253) 284-0710
51	Gig Harbor	Windermere Real Estate Gig Harbor	5801 Soundview Drive, Ste 101	Gig Harbor	WA	98335-2096	(253) 851-7374
52	Gig Harbor- Downtown	Windermere Real Estate Gig Harbor	3111 Harborview Drive NW, Suite 200	Gig Harbor	WA	98335-2105	(253) 851-9134
53	Key Peninsula	Windermere Real Estate/Key Realty	11615 State Route 302 NW	Gig Harbor	WA	98329-7258	(253) 857-3304
54	Goldendale	Windermere Real Estate Columbia River Gorge, Inc.	103 E. Main Street	Goldendale	WA	98620-9263	(509) 773-5859

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

*Indicates some ownership interest held by an owner of WSC.

Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
55	Grandview	Windermere Horse Heaven Hills	223 W Wine Country Rd	Grandview	WA	98930-1384	(509) 781-6580
56	Issaquah	Windermere Real Estate/East, Inc.	1810 15th Place NW, Suite 100	Issaquah	WA	98027-5373	(425) 392-6600
57	Longview- Kelso	Windermere Kelso Longview	209 West Main, Ste 200	Kelso	WA	98626-1369	(360) 636-4663
58	Tri-Cities-Southridge	Windermere Group One/Tri-Cities	3617 Plaza Way Suite A	Kennewick	WA	99338-2717	(509) 737-1141
59	Property Management-South	Windermere Property Management/WPM South, L.L.C.	13106 SE 240th St, Ste 200	Kent	WA	98031-9212	(253) 638-9811
60	Kent	Windermere Real Estate/PSK, Inc.	441 Ramsay Way, Suite 103	Kent	WA	98032-4534	(253) 854-8900
61	Kettle Falls	Windermere Real Estate Kettle Falls	250 East 3rd /P.O. Box 437	Kettle Falls	WA	99141-5145	(509) 738-6521
62	Kingston	Windermere Real Estate/West Sound, Inc.	26569 Lindvog Road Northeast	Kingston	WA	98346-9787	(360) 297-2661
63	Property Management-Kirkland	Windermere Property Management/JMW Group	12801 NE 85th St	Kirkland	WA	98033-8009	(425) 213-1300
64	Kirkland-Northeast	Windermere Real Estate Northeast Inc.	11411 NE 124th St #110	Kirkland	WA	98034-4341	(425) 820-5151
65	Yarrow Bay	Windermere Real Estate/East, Inc.	3933 Lk Washington Blvd NE Suite 100	Kirkland	WA	98033-7806	(425) 822-5100
66	Kirkland	Windermere Real Estate/Central, Inc	737 Market Street	Kirkland	WA	98033-5431	(425) 823-4600
67	Lake Chelan	Windermere Real Estate/Lake Chelan	115 East Woodin Avenue/ PO Box 2382	Lake Chelan	WA	98816	(509) 682-4211
68	Seattle-Northlake	Windermere Real Estate Northeast Inc.	17711 Ballinger Way N.E.	Lake Forest Park	WA	98155-5517	(206) 364-8100
69	Lake Stevens	Windermere Lake Stevens	9327-4th St. NE, Suite #3	Lake Stevens	WA	98258-1630	(425) 335-4666
70	Whidbey Island-Langley	Windermere Real Estate/South Whidbey	223 Second Street/ P.O. Box 1068	Langley	WA	98260-1068	(360) 221-8898

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

*Indicates some ownership interest held by an owner of WSC.

Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
71	Leavenworth	Windermere Real Estate/NCW	11779 Hwy 2, Suite 203	Leavenworth	WA	98826-1362	(509) 548-4663
72	Spokane- Liberty Lake	Windermere Valley/Liberty Lake	695 N Legacy Ridge Dr., Suite 301	Liberty Lake	WA	99019-7725	(509) 340-8000
73	Lopez Island	Windermere Real Estate/Lopez Island	182 Lopez Road, Friendly Isle Bldg Suite A/ P.O. Box 27	Lopez Island	WA	98261-8847	(360) 468-3344
74	Lynden	Windermere Real Estate/Whatcom, Inc.	8071 Guide Meridian, Unit 105	Lynden	WA	98264-9236	(360) 354-4455
75	Alderwood	Windermere Real Estate/M2, LLC	18811 28th Avenue West, Suite J	Lynnwood	WA	98036-4709	(425) 776-9580
76	Lynnwood	Windermere Real Estate/North, Inc.	4211 Alderwood Mall Blvd. Suite 110	Lynnwood	WA	98036-6750	(425) 776-1119
77	Maple Valley	Windermere Real Estate/Maple Valley	22017 S.E. Wax Road, Suite 102	Maple Valley	WA	98038-5525	(425) 569-6900
78	Maple Valley 4 Corners	Windermere Real Estate/PSK, Inc.	26830 Maple Valley Black Diamond Rd SE	Maple Valley	WA	98038-8309	(425) 433-6974
79	Marysville	Windermere Real Estate/JS, Inc.	801 State Ave.	Marysville	WA	98270-4289	(360) 653-2509
80	Mazama	Windermere Methow Valley	42 Lost River Road	Mazama	WA	98833-9707	(509) 996-6562
81	Mercer Island	Windermere Real Estate/Mercer Island	2737 77th Ave. S.E.	Mercer Island	WA	98040-2830	(206) 232-0446
82	Monroe	Windermere Real Estate/Monroe	800 West Main	Monroe	WA	98272-2125	(360) 794-3777
83	Moses Lake	Windermere K-2 Realty, LLC	102 W Third Ave	Moses Lake	WA	98837-1931	(509) 765-3337
84	Property Management-Moses Lake	Windermere Property Management Grant County, Inc.	324 Ash St., Suite A	Moses Lake	WA	98837-3838	(509) 765-5691
85	Mount Vernon	Windermere Real Estate/Skagit Valley	1030 E. College Way	Mount Vernon	WA	98273-5624	(360) 424-4901
86	Mukilteo	Windermere Real Estate/GH LLC	11811 Mukilteo Speedway, Suite 108	Mukilteo	WA	98275-5442	(425) 348-5960

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

*Indicates some ownership interest held by an owner of WSC.

Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
87	Northport	Windermere Colville	412 Center Ave/PO Box 530	Northport	WA	99157	(509) 732-6269
88	Whidbey Island- Oak Harbor	Windermere Real Estate/Whidbey Island	32785 SR 20, Suite 4	Oak Harbor	WA	98277-2622	(360) 675-5953
89	Property Management-Whidbey Island	Windermere/Whidbey Management Services	32785 State Route 20, Suite 3	Oak Harbor	WA	98277-2622	(360) 675-3329
90	Ocean Shores	Windermere Real Estate Ocean Shores	837 Point Brown Avenue NW/PO Box 1568	Ocean Shores	WA	98569-9682	(360) 289-3373
91	Olympia	Windermere Real Estate/Olympia	2312 Pacific Ave, Suite A.	Olympia	WA	98501-2031	(360) 943-7839
92	Property Management-Olympia	Windermere/Olympia Property Management	2413 Pacific Avenue SE, Suite C	Olympia	WA	98501-2087	(360) 943-4189
93	Omak	Windermere Omak	540 Riverside Ave. (PO Box 3817)	Omak	WA	98841	(509) 826-5906
94	Port Angeles	Windermere Real Estate/Port Angeles	711 E. Front Street	Port Angeles	WA	98362-3610	(360) 457-0456
95	Port Ludlow	Windermere Real Estate Port Townsend	9483 Oak Bay Rd, Ste G, PO Box 65423	Port Ludlow	WA	98365-9794	(360) 385-9344
96	Port Orchard	Windermere Real Estate/Port Orchard	1200 Bethel Ave.	Port Orchard	WA	98366-3104	(360) 876-9600
97	Port Townsend	Windermere Real Estate Port Townsend	1220 Water Street	Port Townsend	WA	98368-6710	(360) 385-9344
98	Poulsbo- North Kitsap	Windermere Real Estate/West Sound, Inc.	18570 Hwy 305	Poulsbo	WA	98370-8739	(360) 779-5205
99	Prosser	Windermere Horse Heaven Hills	1123 Meade Ave	Prosser	WA	99350-1366	(509) 781-6580
100	Puyallup	Windermere Real Estate/Puyallup, Inc.	12114 104th Ave. E.	Puyallup	WA	98374-2117	(253) 845-5900
101	Property Management-Puyallup	Windermere Property Management of the South Sound, LLC	12114 104th Ave E	Puyallup	WA	98374-2117	(253) 445-0166

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

*Indicates some ownership interest held by an owner of WSC.

Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
102	*Puyallup- Professional Partners	Windermere Professional Partners Puyallup	10919 Canyon Road East	Puyallup	WA	98373-4262	(253) 446-5266
103	Hood Canal	Windermere Hood Canal	294963 Hwy 101/PO Box 418	Quilcene	WA	98376	(360) 796-3450
104	Quincy	Windermere Real Estate/Central Basin,LLC	503 S Central Ave S.	Quincy	WA	98848-1257	(509) 787-4536
105	Redmond	Windermere Real Estate/East, Inc.	7525 166th Ave NE, Suite D210	Redmond	WA	98052-7871	(425) 883-0088
106	Renton- Tukwila South	Windermere Real Estate/PSR, Inc.	3800 NE 4th St	Renton	WA	98056-4112	(425) 277-5900
107	Republic	Windermere Republic	728 S. Clark Ave	Republic	WA	99166	(509) 775-3004
108	Tri-Cities- Richland	Windermere Group One/Tri-Cities	490 Bradley Blvd.	Richland	WA	99352-4496	(509) 946-1188
109	Ridgefield	Windermere/Community Commercial Realty	2 South 56 Place, Suite 204	Ridgefield	WA	98642-3427	(360) 309-6136
110	Property Management- Seattle North	Windermere Property Management/Lori Gill & Associates	819 NE 65th Street	Seattle	WA	98115-5539	(206) 527-0400
111	Property Management- Seattle	Windermere Property Management/JMW Group	210 Summit Ave E	Seattle	WA	98102-5619	(206) 621-2037
112	*Seattle- Ballard	Windermere Real Estate Company	2636 NW Market Street	Seattle	WA	98107-4139	(206) 789-7700
113	*Seattle- Madison Park	Windermere Real Estate Company	4015 East Madison	Seattle	WA	98112-3117	(206) 324-0000
114	*Seattle- Northgate	Windermere Real Estate Company	301 NE 100th St, Suite #200	Seattle	WA	98125-8006	(206) 526-5544
115	*Seattle- Sand Point	Windermere Real Estate Company	5424 Sand Point Way NE	Seattle	WA	98105-2941	(206) 524-1100
116	*Seattle- Wedgwood	Windermere Real Estate Company	8401 35th Ave NE	Seattle	WA	98115-4818	(206) 522-9600
117	*Seattle- Eastlake	Windermere Real Estate Company	1177 Fairview Ave N	Seattle	WA	98109-4418	(206) 448-6000

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
118	Seattle- Capitol Hill	Windermere Real Estate/Capitol Hill, Inc.	1112 19th Avenue East	Seattle	WA	98112-3505	(206) 324-8900
119	Seattle- Greenwood	Windermere Real Estate Greenwood	311 N 85th Street	Seattle	WA	98103-3605	(206) 527-5250
120	* Windermere Referrals	Windermere Referrals (formerly known as Relocation and Referral Services)	301 NE 100th St, Suite #102	Seattle	WA	98125-8006	(206) 526-7730
121	Seattle- Northwest	Windermere Real Estate FN, Inc.	12250 Greenwood Ave N	Seattle	WA	98133-8163	(206) 367-4720
122	Seattle- Queen Anne	Windermere Real Estate Midtown	214 W McGraw St.	Seattle	WA	98119-2664	(206) 283-8080
123	Seattle- Wall Street	Windermere Real Estate Midtown	2420 2nd Ave.	Seattle	WA	98121-1425	(206) 448-6400
124	Seattle- Lakeview	Windermere Real Estate Midtown	1920 North 34th Street	Seattle	WA	98103-9008	(206) 527-5445
125	Seattle- Green Lake	Windermere Real Estate Midtown	7300 East Green Lake Drive North	Seattle	WA	98115-8604	(206) 957-9441
126	Seattle- Pike-Pine	Windermere Real Estate Midtown	1324 E Pike	Seattle	WA	98122-4020	(206) 324-2005
127	Seattle- Mount Baker	Windermere Real Estate Mount Baker	4919 South Genesee Street	Seattle	WA	98118-1443	(206) 725-7255
128	Seattle- Magnolia	Windermere Magnolia	3214 W McGraw Street, Ste 102	Seattle	WA	98199-3239	(206) 284-8989
129	*Seattle- West Seattle	Windermere West Metro	4526 California Ave SW	Seattle	WA	98116-4111	(206) 935-7200
130	Sedro Woolley	Windermere Real Estate/North Cascades	520 Cook Rd	Sedro Woolley	WA	98284-4343	(360) 856-4901
131	Sequim- East	Windermere Real Estate Sequim East	842 East Washington	Sequim	WA	98382-3520	(360) 683-4844
132	Shelton	Windermere Real Estate/Himlie	920 W Railroad Ave./ P.O. Box 729	Shelton	WA	98584-3848	(360) 426-2646
133	Shoreline	Windermere Real Estate/Shoreline	900 North 185th Street	Shoreline	WA	98133-3903	(206) 546-5731

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
134	Silverdale	Windermere Real Estate/West Sound, Inc.	9939 Mickelberry Rd. NW	Silverdale	WA	98383-9195	(360) 692-6102
135	Property Management-Silverdale	Windermere Property Management-West Sound	9939 Mickelberry Rd NW, Suite B	Silverdale	WA	98383-9195	(360) 416-6243
136	Snohomish	Windermere Real Estate/Snohomish, Inc.	731 2nd St	Snohomish	WA	98290-2914	(360) 568-1537
137	Property Management-Spokane	Windermere Equity Brokers, LLC	626 N. Helena St.	Spokane	WA	99202-2912	(509) 467-2202
138	Spokane- North	Windermere North Spokane LLC	9017 N. Country Homes Blvd	Spokane	WA	99218-2072	(509) 467-6640
139	Spokane- City Group	Windermere Real Estate/City Group, LLC	1237 W Summit Pkwy, Suite B	Spokane	WA	99201-7003	(509) 323-2323
140	Spokane- Mullan	Windermere Real Estate/Cornerstone	1420 N Mullan, #200	Spokane	WA	99206-4333	(509) 927-7733
141	*Relocation- Mountain West	Windermere Services Mountain West	25 W. Cataldo, Ste. D	Spokane	WA	99201-3205	(509) 468-9410
142	Spokane- Manito	Windermere/Manito, LLC	2829 South Grand Blvd, Ste 101	Spokane	WA	99203-2585	(509) 747-1051
143	Property Management-Lease Source	Windermere Valley/Liberty Lake	25 W. Cataldo, Ste. D	Spokane	WA	99201-3205	(509) 340-8000
144	West Plains	Windermere West Plains	10258 W. Sunset Hwy. Suite 3	Spokane	WA	99224	(509) 994-0462
145	Spokane- Valley	Windermere Valley/Liberty Lake	16201 E Indiana Ave, Suite 1250	Spokane Valley	WA	99216-6031	(509) 928-1991
146	Stanwood	Windermere Real Estate/CIR	7359 267th St. NW, Ste. D	Stanwood	WA	98292-4100	(360) 629-8233
147	Property Management-Stanwood	Windermere Real Estate/CIR	7359 267th St. NW, Ste. E	Stanwood	WA	98292-4100	(360) 629-8233
148	Stevenson	Windermere Real Estate Columbia River Gorge, Inc.	220 SW Second/P.O. Box 280	Stevenson	WA	98648-6357	(509) 427-2777
149	*Tacoma- Professional Partners	Windermere Professional Partners	4701 S 19th Street	Tacoma	WA	98405-1199	(253) 565-1189

WINDERMERE SERVICES COMPANY OUTLETS OPEN AS OF DECEMBER 31, 2021

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Qty	Office Common Name	Trade Name	Address	City	State	Zip Code	Phone
150	*Tacoma- North	Windermere Professional Partners	2209 North Pearl Street, #200	Tacoma	WA	98406-2529	(253) 830-6000
151	Property Management- Tacoma	Windermere Property Management/JMW Group	3640 S. Cedar St., Suite Y	Tacoma	WA	98409-5700	(206) 621-2037
152	*Tacoma- Old Town	Windermere Abode	2200 N 30th St Ste #102	Tacoma	WA	98403-3364	(253) 302-4847
153	Methow Valley	Windermere Methow Valley	313 E. Highway 20 Box 1088	Twisp	WA	98856-1088	(509) 997-6562
154	Chambers Bay	Windermere Chambers Bay	3610 Bridgeport Way W #7	University Place	WA	98466-4341	(253) 565-1121
155	*Vancouver- Metro	Windermere Stellar	210 E 13th St, Suite 100	Vancouver	WA	98660-3405	(360) 694-4050
156	*Vancouver- Mill Plain	Windermere Stellar	14001 SE 1st Street, Suite 203	Vancouver	WA	98684-3513	(360) 253-3600
157	*Vancouver- Felida	Windermere Stellar	10702 NW Lakeshore Ave, Suite 105	Vancouver	WA	98685-4720	(360) 694-4050
158	Vancouver- Community Realty	Windermere/Community Commercial Realty	237 NE Chkalov Dr. #211	Vancouver	WA	98684-5054	(503) 249-1706
159	Vashon Island	Windermere Real Estate Vashon-Maury Island, LLC	17429 Vashon Hwy SW/ PO Box 1867	Vashon Island	WA	98070	(206) 463-9148
160	Walla Walla	Windermere Real Estate/Walla Walla	202 South First Avenue	Walla Walla	WA	99362-3079	(509) 525-2151
161	Property Management- Walla Walla	Windermere Property Management/Walla Walla	20 East Poplar, Ste. 204-B	Walla Walla	WA	99362-3099	(509) 526-7368
162	Wenatchee	Windermere Real Estate/NCW	517 N. Wenatchee Ave	Wenatchee	WA	98801-2057	(509) 662-7184
163	Tri-Cities- West Richland	Windermere Group One/Tri-Cities	4900 Paradise Way Suite 105	West Richland	WA	99353-7949	(509) 392-4144
164	Westport	Windermere Real Estate/Westport, Inc.	2601 Westhaven Dr/ P.O. Box 2369	Westport	WA	98595-9780	(360) 268-1234
165	Woodinville	Windermere Real Estate/HLC	13901 NE 175th St., Ste. 100	Woodinville	WA	98072-8548	(425) 483-5100
166	Yakima	Windermere Real Estate/Yakima	4002 Englewood Avenue	Yakima	WA	98908-4337	(509) 965-6655

WINDERMERE REAL ESTATE FRANCHISEES WHICH CEASED OPERATIONS IN 2020

The following franchisees had their franchise agreements terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in the last fiscal year, or have not communicated with WSC in the 10 weeks before the issuance of this franchise disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisee Name	J&JK Properties, Inc.
City and State of Franchisee	Enumclaw, WA
Current Business Number	(360) 825-6505
Date Left System	January 1, 2021
Reason	Sold to current Windermere franchisee. Still operating as a Windermere office.

Franchisee Name	Windermere Real Estate/RMI, Inc.
City and State of Franchisee	Lake Stevens, WA
Current Business Number	No longer in business; no number available.
Date Left System	July 21, 2021
Reason	Retired.

Franchisee Name	Soldal, Inc.
City and State of Franchisee	Henderson, NV (2 locations)
Current Business Number	(702) 432-4600
Date Left System	August 31, 2021
Reason	Mutually agreed termination of franchise license.

Franchisee Name	Sunland Boardwalk and Realty, Inc.
City and State of Franchisee	Sequim, WA
Current Business Number	No longer in business; no number available.
Date Left System	July 9, 2021
Reason	Abandoned franchise. License terminated.

Franchisee Name	Wailea Realty Corp.
City and State of Franchisee	Wailea and Kihei, Hawaii (2 locations)
Current Business Number	800.370.3848
Date Left System	December 31, 2021
Reason	Merged with Hawaii Life.

Franchisee Name	CCJ, LLC
City and State of Franchisee	Boise, ID
Current Business Number	(208) 258-2222
Date Left System	May 3, 2021
Reason	CCJ, LLC owners sold their business to another Windermere franchise licensee. Office is still operating as a Windermere outlet.

**Exhibit B - December 31, 2020 and 2021
Independent Auditor's Consent Letter,
Consolidated Financial Statements, and
Independent Auditor's Report**

SMITH BUNDAY BERMAN BRITTON, P.S.

CERTIFIED PUBLIC ACCOUNTANTS

CONSENT

Smith Bunday Berman Britton, P.S., hereby consents to the use in the Franchise Disclosure Document issued by Windermere Real Estate Services Co. ("Franchisor") on May 5, 2022, as it may be amended, of our report dated April 27, 2022, relating to the consolidated financial statements of Franchisor and its subsidiary for the periods ending December 31, 2021, 2020 and 2019.

Smith Bunday Berman Britton, P.S.

Smith Bunday Berman Britton, P.S.
May 5, 2022
Bellevue, WA

SMITH BUNDAY BERMAN BRITTON, P.S.

**WINDERMERE REAL ESTATE
SERVICES COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
AND
SUPPLEMENTAL SCHEDULES**

DECEMBER 31, 2021 AND 2020

Independent Auditor's Report

Board of Directors and Stockholders
Windermere Real Estate Services Company
Seattle, Washington

We have audited the accompanying consolidated financial statements of Windermere Real Estate Services Company (a Washington corporation) and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2021 and 2020, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2021, 2020, and 2019, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Windermere Real Estate Services Company and its subsidiary as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years ended December 31, 2021, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Penrith Home Loans LLC, a partially-owned subsidiary, which statements reflect total assets of \$30,769,253 and \$101,094,814, as of December 31, 2021 and 2020, respectively, and total revenues of \$22,970,688 and \$32,633,230, respectively, for the years ended December 31, 2021 and 2020, respectively, and \$1,002,478 for the period from November 30, 2019 (date of acquisition) to December 31, 2019. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Penrith Home Loans LLC, is based solely on the reports of the other auditors.

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 Windermere Real Estate Services 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

SMITH BUNDAY BERMAN BRITTON, P.S.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Windermere Real Estate Services Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Windermere Real Estate Services Company's internal controls. 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Windermere Real Estate Services 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.

Smith Bunday Berman Britton, P.S.

Bellevue, Washington
April 27, 2022

Windermere Real Estate Services Company

Consolidated Balance Sheet

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 10,941,237	\$ 8,155,378
Restricted cash	1,800,093	1,800,032
Accounts receivable, net of allowance for doubtful accounts	2,252,981	3,043,777
Mortgage loans held for sale	17,771,824	87,925,820
Mortgage loans held for investment	-	133,288
Derivative assets at fair value	580,265	2,938,449
Reimbursable expenses	1,435	1,435
Prepaid expenses	239,300	164,049
Other assets	234,002	182,262
	<u>33,821,137</u>	<u>104,344,490</u>
PROPERTY AND EQUIPMENT:		
Fixed assets	5,034,885	5,034,885
Office furniture and equipment	1,344,411	1,240,682
Leasehold improvements	1,314,650	1,314,650
Transportation equipment	96,326	96,326
	<u>7,790,272</u>	<u>7,686,543</u>
Less accumulated depreciation	4,609,037	3,927,178
	<u>3,181,235</u>	<u>3,759,365</u>
OTHER ASSETS:		
Intangible assets, net	360,912	387,671
	<u>360,912</u>	<u>387,671</u>
	<u>\$ 37,363,284</u>	<u>\$ 108,491,526</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Warehouse lines of credit	\$ 15,798,311	\$ 81,786,858
Accounts payable	1,919,929	2,140,748
Related party payable	-	3,372,356
Business and payroll taxes	1,367,163	2,152,330
Derivative liabilities at fair value	50,374	441,598
Repurchase reserve	352,173	572,173
Other liabilities	61,732	142,516
Accrued expenses	679,851	658,930
Notes payable to bank	3,564,033	3,156,300
Notes payable to related companies	2,124,761	2,140,581
Deferred rent	463,604	482,518
TOTAL LIABILITIES	<u>26,381,931</u>	<u>97,046,908</u>
COMMITMENTS AND CONTINGENCIES- See Notes 5, 6, 8, 13 and 14		
STOCKHOLDERS' EQUITY:		
Common stock, no par value, 10,000,000 shares authorized; 5,000,000 shares issued and outstanding	500	500
Retained earnings	4,763,274	4,542,663
Noncontrolling interest	6,217,579	6,901,455
TOTAL STOCKHOLDERS' EQUITY	<u>10,981,353</u>	<u>11,444,618</u>
	<u>\$ 37,363,284</u>	<u>\$ 108,491,526</u>

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Consolidated Statement of Income

	Years Ended December 31,		
	2021	2020	2019
REVENUES			
Continuing franchise fees	\$ 24,363,261	\$ 23,564,716	\$ 20,475,097
Other income	4,350,325	4,352,200	2,843,248
Originating income less commissions	14,295,041	17,428,524	870,977
Gain (loss) on interest rate lock commitments	(1,947,283)	1,238,798	(464,471)
	<u>41,061,344</u>	<u>46,584,238</u>	<u>23,724,851</u>
OPERATING EXPENSES:			
Salaries	16,243,486	16,484,886	10,393,746
Promotional	3,591,085	2,583,602	3,698,306
Business taxes	2,735,870	2,572,248	894,302
Rent	1,557,189	1,853,752	896,802
Major events	40,845	47,814	229,758
Depreciation and amortization	720,479	696,479	552,973
Technology	6,037,213	5,850,300	1,802,685
Travel and entertainment	124,214	210,345	445,161
Employee benefits	1,423,516	1,359,665	315,932
Dues, licenses, and fees	204,983	134,335	232,630
Supplies	292,429	412,308	334,216
Professional fees	1,282,594	1,496,803	1,303,441
Retirement plan	893,588	806,403	255,106
Education	39,349	18,323	51,540
Repair and maintenance	129,011	64,229	138,093
Telephone	139,242	95,857	88,465
Miscellaneous	33,320	108,393	138,329
Insurance	164,629	85,422	81,873
Auto	1,073	4,139	27,793
Postage and printing	90,461	12,052	20,419
Utilities	14,079	18,305	24,606
Janitorial	3,388	4,677	13,123
Bad debts expense (recovery)	51,351	103,831	(107,588)
Bank, investor and processing fees	1,382,696	2,015,937	-
Total operating expenses	<u>37,196,090</u>	<u>37,040,105</u>	<u>21,831,711</u>
INCOME FROM OPERATIONS	<u>3,865,254</u>	<u>9,544,133</u>	<u>1,893,140</u>
OTHER INCOME (EXPENSE):			
Gain (loss) on disposal of assets	-	(545)	(3,523)
Reversal of estimated loss reserve	220,000	-	-
Legal settlement	-	-	1,581,580
Other income - loan forgiveness	2,426,300	-	-
Interest income	916,353	1,607,863	49,828
Interest expense	(1,142,113)	(1,806,673)	(158,678)
	<u>2,420,540</u>	<u>(199,355)</u>	<u>1,469,207</u>
CONSOLIDATED NET INCOME	<u>6,285,794</u>	<u>9,344,778</u>	<u>3,362,347</u>
Net (income) loss attributable to the noncontrolling interest	<u>(1,661,251)</u>	<u>(3,799,607)</u>	<u>223,153</u>
NET INCOME ATTRIBUTABLE TO THE CONTROLLING INTEREST	<u>\$ 4,624,543</u>	<u>\$ 5,545,171</u>	<u>\$ 3,585,500</u>

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company
Consolidated Statement of Changes in Stockholders' Equity

	Years Ended December 31, 2021, 2020 and 2019			
	Common Stock	Retained Earnings	Non-Controlling Interest	Stockholders' Equity
BALANCES, DECEMBER 31, 2018	\$ 500	\$ 1,977,511	\$ -	\$ 1,978,011
ADD:				
Capital contributions	-	-	3,000,000	3,000,000
DEDUCT:				
Distributions	-	(3,647,214)	-	(3,647,214)
NET INCOME	-	3,585,500	(223,153)	3,362,347
BALANCES, DECEMBER 31, 2019	\$ 500	\$ 1,915,797	\$ 2,776,847	\$ 4,693,144
ADD:				
Capital contributions	-	-	325,000	325,000
DEDUCT:				
Distributions	-	(2,918,304)	-	(2,918,304)
NET INCOME	-	5,545,171	3,799,607	9,344,778
BALANCES, DECEMBER 31, 2020	\$ 500	\$ 4,542,664	\$ 6,901,454	\$ 11,444,618
ADD:				
Capital contributions	-	-	-	-
DEDUCT:				
Distributions	-	(4,403,933)	(2,345,126)	(6,749,059)
NET INCOME	-	4,624,543	1,661,251	6,285,794
BALANCES, DECEMBER 31, 2021	\$ 500	\$ 4,763,274	\$ 6,217,579	\$ 10,981,353

The accompanying notes are an integral part of these financial statements

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Windermere Real Estate Services Company

Consolidated Statement of Cash Flows

	Years Ended December 31,		
	2021	2020	2019
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 6,285,794	\$ 9,344,778	\$ 3,362,347
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	709,473	684,771	549,138
(Gain) loss on disposal of assets	-	544	3,523
Fair value adjustments, net	2,190,106	2,029,144	(147,844)
(Gain) loss on interest rate lock adjustments	1,966,961	(1,575,156)	464,471
Reversal of estimated loss reserve	(220,000)	-	-
Gain on forgiveness of Paycheck Protection Program loans	(2,426,300)	-	-
Bad debt expense (recovery)	77,504	(230,504)	(271,000)
Cash provided by (used in) changes in operating assets and liabilities, net affect of assets and liabilities acquired			
Mortgage loans held for sale, at fair value	67,963,890	(58,457,976)	(20,881,611)
Receivables	713,292	(303,051)	897,654
Due from related company	-	-	(50,384)
Prepaid expenses	(75,251)	(39,940)	49,887
Other assets	(51,739)	42,866	14,079
Accounts payable	(220,760)	9,758	8,050
Deferred rents	(18,914)	(6,456)	5,633
Accrued expenses	(764,308)	1,293,228	493,732
Other liabilities	(273,620)	23,271	-
Net cash provided by (used in) operating activities	<u>75,856,128</u>	<u>(47,184,723)</u>	<u>(15,502,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash acquired in Penrith acquisition, net of amount invested, Note 12	-	-	1,202,946
Principal payments received on loans held for investment	133,288	496,242	2,915
Purchases of property and equipment	(104,584)	(414,351)	(226,143)
Proceeds from sale of short term investments	-	-	228,347
Net cash provided by (used in) investing activities	<u>28,704</u>	<u>81,891</u>	<u>1,208,065</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net borrowing (repayments) on warehouse lines of credit	(65,988,546)	52,444,082	20,009,777
Proceeds from related party borrowing	-	325,000	2,854,520
Payments on notes payable to related company	(3,195,340)	(20,000)	(23,154)
Capital contribution	-	325,000	-
Proceeds from notes payable to bank	3,800,000	2,426,300	-
Payments on notes payable to bank	(965,967)	(248,571)	(248,571)
Distributions to noncontrolling interests	(2,345,127)	-	-
Distributions to stockholders	(4,403,932)	(2,918,304)	(3,647,213)
Net cash provided by (used in) financing activities	<u>(73,098,912)</u>	<u>52,333,507</u>	<u>18,945,359</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	<u>2,785,920</u>	<u>5,230,675</u>	<u>4,651,099</u>
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>9,955,410</u>	<u>4,724,735</u>	<u>73,636</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u><u>\$ 12,741,330</u></u>	<u><u>\$ 9,955,410</u></u>	<u><u>\$ 4,724,735</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	<u>\$ 1,322,671</u>	<u>\$ 1,574,259</u>	<u>\$ 158,678</u>

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Windermere Real Estate Services Company, (WRESC) is a Washington corporation formed in 1983 for the purpose of licensing and providing support and auxiliary services to firms licensed to conduct business under the name Windermere Real Estate. WRESC is the owner of the trade names Windermere Real Estate and Windermere and the Windermere Real Estate trademark, service mark and logotype. WRESC sells franchises to real estate brokerages located in the western United States and Hawaii. In return for providing real estate brokerages the use of the trade names, service mark and logotype, and for providing supporting services, the Company charges royalties and other fees.

As of December 31, 2021 and 2020, there were 302 and 306 operating franchise offices, respectively. There were 7, 6 and 19 franchise offices opened during the years ended December 31, 2021, 2020 and 2019, respectively.

COVID-19 Pandemic:

The extent of COVID-19's effect on the Company's operational and financial performance will depend on future ongoing developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict. As a result, it is not currently possible to determine the overall impact of COVID-19 on the Company's business. As events continue to evolve and additional information becomes available, certain estimates and assumptions may change materially in future periods due to the impact of the COVID-19 pandemic.

Basis of Consolidation:

The financial statements of Windermere Real Estate Services Company include the accounts of WRESC, and its wholly-owned subsidiary WSC Mortgage Holdings LLC (Mortgage). Effective November 30, 2019, Mortgage and a third party, through a series of transactions, formed Penrith Home Loans LLC, (Penrith). Penrith operates as a mortgage banker and broker, engaged in the business of marketing and originating residential mortgage loans and providing other related financial services to purchasers of residential real estate in Washington and Oregon. Penrith is approved by the U.S. Department of Housing and Urban Development (HUD) as a Title II Nonsupervised Mortgagee. Mortgage owns a 50% interest in Penrith, and due to its involvement in Penrith, the accounts and activities of Penrith are consolidated with those of Mortgage as of December 1, 2019. As a wholly-owned subsidiary of WRESC, the financial statements of Mortgage are consolidated with those of WRESC.

All material intercompany transactions have been eliminated. WRESC and the entities included in the consolidated financial statements are hereinafter referred to as "the Company".

Summary of Significant Accounting Policies:

- a. *Franchise-related revenue recognition* - WRESC revenue is generally based on royalty agreements negotiated with the franchisees, which are primarily real estate brokerages. The adoption of ASC 606 does not change the recognition of royalties from brokerages operated by franchisees, which are based on

NOTE 1 – continued:

Summary of Significant Accounting Policies (continued)

a percentage of sales and recognized at the time the underlying sales occur. Other franchise related revenues are recognized at the time the service or product is provided to the brokerage. Invoices for franchising activities are generally issued on a monthly basis and are payable on receipt.

Initial franchise fees are recognized as the Company satisfies the performance obligations over the franchise term.

Mortgage banking and related revenue and gain (loss) recognition - The Company recognizes revenues related to loan origination, processing, and other funding fee revenues at origination of the loan. Loans held for sale are accounted for at fair value with subsequent changes in fair value and related gains or losses recognized through earnings. Accordingly, related upfront costs and fees are recognized in earnings as incurred and not deferred. Fees from loans brokered with other mortgage lenders are recognized when the respective loan is closed, which occurs when all significant services have been performed. Interest income related to loans held for sale is recognized for the time the loans are held on the balance sheet.

Interest related to loans held for investment is accrued and recognized at the contractual rate. Deferred fees, costs and valuation reserves are recognized over the contractual terms of the underlying loans using the constant yield or straight-line method.

The Company measures and records derivative assets and liabilities at fair value. The Company treats all of its derivative instruments as fair value hedges, and all are accounted for as free-standing derivatives. Subsequent changes in fair values and related gains or losses are recognized through earnings, and are considered to be operating gains or losses. The Company's derivative assets and liabilities include interest rate lock commitments (IRLCs) and forward loan sale commitments. IRLCs and uncommitted loans held for sale expose the Company to the risk that the value of the mortgage loans held and mortgage loans underlying the commitments may decline due to increases in mortgage interest rates during the life of the commitments. To protect against this risk, the Company uses forward loan sale commitments to economically hedge the risk of potential changes in the value of the loans. The Company expects that the changes in fair value of forward loan sale commitments will either fully or partially offset the changes in fair value of the IRLCs and uncommitted mortgage loans held for sale. Utilization of forward commitments involves some degree of basis risk. Basis risk is defined as the risk that the hedged instrument's price does not move in parallel with the increase or decrease in the market price of the hedged instrument. The Company calculates an expected hedge ratio to mitigate a portion of this risk. See Notes 2 and 5.

- b. *Cash and cash equivalents* - The Company considers all highly liquid cash investments with an original maturity of three months or less to be cash equivalents.
- c. *Restricted cash* - Penrith has entered into certain warehouse lines of credit requiring it to provide collateral. Amounts held in bank accounts that serve as collateral are classified as restricted cash. The following provides a reconciliation of cash and restricted cash within the balance sheet to amounts shown in the statement of cash flows at December 31, 2021 and 2020, respectively.

NOTE 1 – continued:

Summary of Significant Accounting Policies (continued)

	2021	2020
Cash	\$10,941,237	\$8,155,378
Restricted cash	1,800,093	1,800,032
Cash per the statement of cash flows	\$12,741,330	\$9,955,410

- d. *Accounts receivable* - Accounts receivable are recorded as earned and when receivable and are presented in the balance sheet net of the allowance for doubtful accounts. Receivables are considered past due when brokerages fail to make payments per the contractual terms. Receivables are written-off when they are determined to be uncollectible. An allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions in the real estate industry, and the financial stability of the individual brokerages.

The Company grants credit to substantially all of its brokerage customers. A significant portion of the brokerages' ability to pay for the services provided is dependent upon the economic conditions of the real estate industry.

Certain of the receivables are long-term, resulting from deferred payment agreements with brokerages in certain real estate markets. Deferred payment agreements are generally secured by the personal guarantees of the brokerages' owners. Due to uncertainty of payment, any interest charged in accordance with the agreements is recorded when received. Long-term receivables mature at various dates through 2026 and bear interest at rates commensurate with market rates.

The total allowance for doubtful accounts was \$850,000 and \$772,496 at December 31, 2021 and 2020, respectively.

- e. *Mortgage Loans Held for Sale* - Mortgage loans held for sale include residential mortgages originated for sale, and are stated in accordance with FASB ASC Topic 825-10, *The Fair Value Option for Financial Assets and Financial Liabilities*. Mortgage loans held for sale are stated at fair market value determined using significant other observable inputs as defined by FASB ASC Topic 820 ("ASC 820"), *Fair Value Measurements and Disclosures*.
- f. *Mortgage Loans Held for Investment* - Mortgage loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are classified as held for investment. Mortgage loans held for investment generally consist of loans originated by Penrith that Penrith was unable to sell due to nonconforming aspects of the loans and loans that have been repurchased due to matters identified by the purchaser subsequent to the sale.

Mortgage loans held for investment are reported at the principal amount outstanding, net of valuation reserves when applicable. A valuation reserve is recognized at the time of repurchase based on management's estimate of the loan's value. Loans are placed on nonaccrual status when the full and timely collection of principal and interest is doubtful, generally when the loan becomes 90 or more days past due for principal or interest payments. There were no loans in nonaccrual status as of December 31, 2021 and 2020.

NOTE 1 – continued:

Summary of Significant Accounting Policies (continued)

- g. *Repurchase Reserve* - When the Company sells mortgages, it makes customary representations and warranties to the purchasers about various characteristics of each loan such as the origination and underwriting guidelines and compliance with applicable federal, state, and local laws. In the event of a breach of its representations and warranties, the Company may be required to either repurchase the mortgage loans with the identified defects or indemnify the investor or insurer for any loss. In addition, the Company may be required to repurchase loans as a result of borrower fraud or if a payment default occurs on a mortgage loan shortly after its sale. Also, the Company's loss may be reduced by proceeds from the sale or liquidation of the repurchased loan.

The Company records a provision for estimated losses relating to such representations and warranties. The method used to estimate the liability for representations and warranties is a function of the representations and warranties given and considers a combination of factors, including, but not limited to, estimated future defaults and loan repurchase rates and the potential severity of loss in the event of defaults including any loss on sale or liquidation of the repurchased loan. The level of the repurchase liability for representations and warranties is difficult to estimate and requires considerable management judgment.

- h. *Advertising costs* - The Company expenses the production costs of advertising as incurred. In 2021, 2020 and 2019, WRESC incurred \$3,192,752, \$2,294,490, and \$3,653,4123, respectively, in promotional costs. In addition, Penrith expenses advertising and marketing costs as incurred. In 2021, 2020 and 2019 these costs totaled \$287,918, \$289,109 and \$44,894, respectively.
- i. *Property and equipment* - Property and equipment are carried at cost. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the difference, less any amount realized from disposition, is reflected in earnings.

Maintenance and repairs are charged to operating expenses. Costs of significant improvements and renewals are capitalized.

For financial statement purposes, depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of leasehold improvements do not exceed the remaining term of the respective leases. Depreciation expense was \$682,714, \$658,012 and \$529,773 for the years ended December 31, 2021, 2020 and 2019, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

- j. *Intangible Assets* - The Company's finite-lived intangible asset is comprised of capitalized technology development costs. These costs are being amortized over an estimated useful life of five years, and the project was placed into service in 2019. Amortization of the development costs in 2021, 2020 and 2019 were \$26,759, \$26,759 and \$19,365 respectively. The Company also has an intangible asset with cost of \$300,000 for its trademark, which is determined to have an indefinite life and is therefore not amortized.

NOTE 1 – continued:

Summary of Significant Accounting Policies (continued)

- k. *Income taxes* - WRESC, with the consent of its stockholders, have elected under the Internal Revenue Code to be taxed as S corporations. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. The Company generally expects to distribute an amount sufficient for the stockholders to pay such taxes.

Penrith has elected under the Internal Revenue Code to be an LLC, taxable as a Partnership. In lieu of corporate income taxes, the partners of a partnership are taxed on their proportionate share of the Company's taxable income.

The provisions of FASB ASC 740-10, *Uncertainty in Income Taxes*, prescribe a recognition threshold and measurement threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. These provisions do not have a significant impact on the Company's financial statements because the Company does not believe it has any exposure related to tax positions taken. Therefore, no estimated income tax liability has been recorded in these consolidated financial statements.

Tax returns are generally open to examination for 3 years after filing. Therefore, tax returns for years 2017 and prior are no longer subject to examination.

- l. *Use of estimates* - Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosures of contingent assets and liabilities. Actual results could vary from the estimates that were used.

NOTE 2 – FAIR VALUE MEASUREMENTS:

The term "fair value" is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability.

The Company's approach is to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. The degree of management judgment involved in estimating the fair value of a financial instrument or other asset is dependent on the availability of quoted market prices or observable market value inputs for internal valuation models, used for estimating fair value. For financial instruments that are actively traded in the marketplace or whose values are based on readily available market data, little judgment is necessary when estimating the associated fair value. When observable market prices and data are not readily available, significant judgment is often necessary to estimate fair value. In those cases, different assumptions could result in significant changes in valuation.

The recorded amounts of certain financial instruments including cash, mortgage loans held for sale, derivatives, and derivative obligations are recorded at fair value. Accounts receivable, notes payable under the line arrangements, accounts payable, and accrued liabilities are recorded at cost, which approximates fair value due to their relatively short maturities.

NOTE 2 – continued:

A three level valuation hierarchy has been established under ASC 820 for disclosure of fair value measurements. The valuation hierarchy is based on the observability of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The levels are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs for the asset or liability. These inputs reflect the Company's assumptions of what market participants would use in pricing the asset or liability.

Valuation Process and Estimation – The Company's derivative assets and liabilities are carried at fair value as required by GAAP and are accounted for as free-standing derivatives. The Company obtains pricing used in the valuation process from third party service providers. The Company has processes in place to evaluate third party pricing services to ensure that information obtained and valuation techniques used are appropriate. Significant assumptions are discussed below:

Loans Held for Sale – The Company classifies loans held for sale as a Level 2 instrument. Fair value is based on observable market data including quoted market prices, dealer quotes for similar loans, and forward sale commitments.

IRLCs – The Company enters into IRLCs to fund residential mortgage loans with its potential borrowers. These commitments are binding agreements to lend funds to these potential borrowers at specified interest rates within specified periods of time. At inception, the fair value of IRLCs is derived from the fair value of similar mortgage loans or bonds, which is based on observable market data. Changes to the fair value of IRLCs are recognized based on changes in interest rates, changes in the probability that the commitment will be exercised (the "pull-through factor"), and the passage of time. The expected net future cash flows related to the associated servicing of the loan are included in the fair value measurement of rate locks. The fair value of IRLCs is estimated based on current market prices of securities backed by similar mortgage loans, net of costs to close the loans, subject to the pull-through factor. Given the significant and unobservable nature of the pull-through factor, IRLCs are classified as Level 3.

The Company recognizes unrealized gains and losses from the time an IRLC is initiated until the gain or loss is realized when the loan closes or at the end of the commitment period, which generally occurs within 30 to 90 days. The gains and losses recognized on interest rate lock derivatives generally correlate to the volume of IRLCs made during the reporting period while the amount of unrealized gains and losses realized at settlement generally correlate to the volume of loans closed during the reporting period.

Forward Loan Sale Commitments – Forward loan sale commitments are classified as a Level 2 instrument. Fair value is based on quoted prices for similar instruments in an active market.

NOTE 2 – continued:

The fair value of the Company's mortgage loans held for sale, IRLCs, and forward loan sale commitments are included in the accompanying balance sheet at December 31, 2021 and 2020 as summarized within the valuation hierarchy below:

	Valuation Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
<u>2021</u>				
Assets:				
Mortgage loans held for sale	\$ 17,771,824	\$ -	\$17,771,824	\$ -
Derivative assets:				
Interest rate lock commitments	551,113	-	-	551,113
Forward loan sale commitments	29,152	-	29,152	-
Total derivative assets	580,265	-	29,152	551,113
Total	\$ 18,352,089	\$ -	\$17,800,976	\$ 551,113
Liabilities:				
Derivative liabilities:				
Interest rate lock commitments	\$ 19,695	\$ -	\$ -	\$ 19,695
Forward loan sale commitments	30,680	-	30,680	-
Total	\$ 50,375	\$ -	\$ 30,680	\$ 19,695
<u>2020</u>				
Assets:				
Mortgage loans held for sale	\$ 87,925,820	\$ -	\$87,925,820	\$ -
Derivative assets:				
Interest rate lock commitments	2,799,221	-	-	2,799,221
Forward loan sale commitments	139,228	-	139,228	-
Total derivative assets	2,938,449	-	139,228	2,799,221
Total	\$ 90,864,269	\$ -	\$88,065,048	\$ 2,799,221
Liabilities:				
Derivative liabilities:				
Interest rate lock commitments	\$ 44,146	\$ -	\$ -	\$ 44,146
Forward loan sale commitments	397,452	-	397,452	-
Total	\$ 441,598	\$ -	\$ 397,452	\$ 44,146

The following table presents fair value changes and activity for the net Level 3 instruments for the years ending December 31, 2021 and 2020, respectively:

	2021	2020
Net Level 3 investments, beginning of year	\$ 2,755,075	\$ 726,336
Level 3 investments acquired	-	-
Gain (loss) on interest rate lock commitments	(1,947,283)	1,238,798
Settlements, net	(276,374)	789,941
Net Level 3 investments, end of year	\$ 531,418	\$ 2,755,075

NOTE 3 – MORTGAGE LOANS HELD FOR SALE, AT FAIR VALUE:

Mortgage loans held for sale are secured by the underlying real estate in the states of Washington and Oregon. As of December 31, 2021 and 2020, mortgage loans held for sale consisted of single-family residential mortgages. Based on the Company's historical collection experience, no allowance for loan losses has been provided with respect to mortgage loans held for sale. The balance at December 31, 2021 of \$17,771,824 includes a fair value adjustment of \$279,857. The balance at December 31, 2020 of \$87,925,820 includes a fair value adjustment of \$2,594,914. The fair value for mortgage loans held for sale is determined using the criteria and methods described in Note 2.

The balance in mortgage loans held for sale at December 31, 2021 includes four loans for which the Company has not yet located a buyer due to characteristics of the loans that do not fit aspects of standard market criteria. The loans have outstanding balances totaling \$1,438,166. The balance in mortgage loans held for sale at December 31, 2020 included five loans for which the Company had not yet located a buyer, the loans totaled \$2,101,010. The loans have been valued at fair value based on outstanding balances using the fair value methods described in Note 2.

NOTE 4 – MORTGAGE LOANS HELD FOR INVESTMENT, NET:

In 2021, \$133,288 of the loans held for investment were sold and principal of \$133,288 was received. There were no loans held for investment at December 31, 2021.

In 2020, \$492,292 of the loans held for investment were sold and principal of \$3,950 was received. The balance of loans held for investment at December 31, 2020 was \$133,288.

NOTE 5 – DERIVATIVE INVESTMENTS:

Loan Commitments

In the normal course of business, the Company is a party to credit-related financial instruments with off-balance sheet risk to meet the financing needs of its customers. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized on the balance sheet.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments that fix interest rates generally have fixed expiration dates or other termination clauses, and may require payment of a fee. These arrangements are financial instruments in the form of IRLCs. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The Company's exposure to credit loss is represented by the notional amount of the commitments.

Forward Loan Sale Commitments

The Company utilizes forward loan sale contracts to mitigate the interest rate risk inherent in the Company's mortgage loan pipeline and mortgage loans held for sale. Forward loan sale commitments are contracts for delayed delivery of mortgage loans on a best efforts or mandatory basis. The selling party agrees to deliver a specified instrument on a specified future date, at a specified price or yield.

The credit risk inherent to the Company arises from the potential inability of counterparties to meet the terms of their contracts. In the event of non-acceptance by the counterparty, the Company would be subject to the credit risk of the loans or IRLCs retained.

NOTE 5 – continued:

The following is a summary of the credit related financial instruments as of December 31, 2021 and 2020, respectively:

	Notional Amount	Fair Value Derivatives	
		Assets	Liabilities
<u>2021</u>			
Interest rate lock commitments	\$ 20,148,517	\$ 551,113	\$ 19,695
Forward loan sale commitments	17,131,967	29,152	30,680
Total	<u>\$ 37,280,484</u>	<u>\$ 580,265</u>	<u>\$ 50,375</u>
<u>2020</u>			
Interest rate lock commitments	\$ 75,863,261	\$ 2,799,221	\$ 44,146
Forward loan sale commitments	83,229,906	139,228	397,452
Total	<u>\$ 159,093,167</u>	<u>\$ 2,938,449</u>	<u>\$ 441,598</u>

NOTE 6 – WAREHOUSE LINES OF CREDIT:

The Company has entered into loan agreements with the below lenders for warehouse lines of credit at December 31, 2021 and 2020 respectively:

	Maturity Date	Interest Rate		Total Borrowing Capacity	Outstanding Balance	
		2021	2020		2021	2020
First Horizon Bank	November 2022	SOFR +2.5%		\$ 30,000,000	\$ 9,487,735	
Columbia State Bank	May 2022	2.75% Libor +2.4% w/2.75% Floor		30,000,000	2,291,595	
Republic Bank & Trust Company	September 2022			15,000,000	4,018,980	
1 st Security Bank of Washington	June 2022	2.75%		7,000,000	-	
Columbia State Bank	May 2021		3.25%	30,000,000		\$ 25,486,015
1 st Security Bank of Washington	June 2021		3.50%	7,000,000		3,864,563
Republic Bank & Trust Company	September 2021		3.60%	15,000,000		12,393,832
First Horizon Bank	November 2021		2.64%	50,000,000		40,042,446
					<u>\$15,798,310</u>	<u>\$81,786,856</u>

Borrowings under the line of credit are secured by the corresponding mortgage loans held for sale. The principal is payable upon the earlier of thirty (30) to ninety (90) days from the advance date of the mortgage loan depending on the lender or the date of funding by the investor.

The line of credit agreements contain covenants relating to the Company maintaining a minimum tangible net worth, tangible net worth to total liabilities ratio and a minimum liquid assets requirement. The Company was in compliance with all covenants at December 31, 2021 and 2020.

WRESC guarantees borrowings under the agreements for 1st Security Bank of Washington and First Horizon Bank.

NOTE 7 – TERM NOTES PAYABLE:

WRESC Notes payable consisted of the following:

	December 31,	
	2021	2020
Note payable to WLC; unsecured. Interest at 4%. Due on demand, however, by agreement, no payment is scheduled.	\$ 2,124,761	\$ 2,124,761
Notes payable to WLC; unsecured. Interest at 4%. By agreement, paid in monthly installments of principal and interest, with aggregating minimum of \$20,000 principal payments each year.	-	15,820
Notes payable to Wells Fargo; guaranteed by the Company and its stockholders, security interest in all or any portion of assets owned or acquired. Interest at LIBOR plus 2.5%. Monthly payments \$10,714 plus interest. Repaid in 2021.	-	450,000
Notes payable to Wells Fargo; guaranteed by the Company and its stockholders, security interest in all or any portion of assets owned or acquired. Interest at LIBOR plus 2.5%. Monthly payments \$10,000 plus interest. Repaid in 2021.	-	280,000
Notes payable to banks through the Payroll Protection Program. Interest at 1.0%. Debts were forgiven in full in 2021.	-	2,426,300
Notes payable to HomeStreet Bank; guaranteed by the Company and its stockholders. Interest at 3.565%. Monthly principal and interest payments of \$69,355.20. Due on August 15, 2026	3,564,033	-
Total term debt	5,688,794	5,296,881
Less current maturities	715,229	934,715
	<u>\$ 4,973,565</u>	<u>\$ 4,362,166</u>

Expected maturities of the notes payable to banks and related company (excluding the note payable to WLC in the amount of \$2,124,761 as repayment of this note is not scheduled), based on rates currently in effect are as follows:

Year ending December 31,	
2022	\$ 715,229
2023	741,513
2024	768,562
2025	797,009
2026	541,720
	<u>\$ 3,564,033</u>

WLC is owned by the Company's former majority stockholder. See Note 10.

The Company has a \$1,000,000 line of credit with a commercial bank. Borrowings under this arrangement bear interest at the Wall Street Journal Prime Index, currently set at 3.25% per annum. The line of credit is

NOTE 7 – continued:

collateralized by receivables and inventory and it matures August 1, 2022. At December 31, 2021, no amounts were outstanding under this agreement.

Interest expense relating to notes payable to related parties totaled \$85,266, \$93,962, and \$88,422, for the years ended December 31, 2021, 2020 and 2019, respectively.

In 2020, WRESC and Penrith received loan proceeds of \$1,126,300 and \$1,300,000, respectively, under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (Cares Act), the PPP provides loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. WRESC and Penrith met the eligibility criteria and therefore, applied for forgiveness of their respective loans. The loans were forgiven in 2021 and are included with other income (expense) in the accompanying statement of income.

NOTE 8 – LEASE COMMITMENTS:

The Company leases operational facilities under operating leases with various terms through July 31, 2028. The leases require the Company to pay a proportionate share of common area maintenance charges and other expenses. In 2018, WRESC entered into leases with a third party for a significant portion of its facility space, replacing several related party agreements. The new lease provided for a tenant improvement allowance of \$296,000 and rent abatements. In accordance with generally accepted accounting principles, the Company recognizes rent expense under its operating lease agreements on the straight-line basis, resulting in a liability for deferred rents. As of December 31, 2021 and 2020, the deferred rent associated with the above lease allowance and rent abatements and similar arrangements on existing leases, was \$463,605 and \$482,518, respectively.

The Company has a letter of credit in favor of a landlord in the amount of \$100,000. No amount has been drawn on the letter of credit at December 31, 2021.

Future minimum rent obligations for the remaining terms of the leases are as follows:

Year ending December 31,	Total Commitments
2022	\$ 890,192
2023	794,749
2024	515,776
2025	531,324
2026	547,303
Thereafter	901,248
	<u>\$ 4,180,592</u>

NOTE 9 – RETIREMENT PLANS:

WRESC sponsors the Windermere Retirement Plan, a defined contribution 401(k) plan for all employees of the Company and other franchise employees whose employers participate in the plan, who meet age and length of service requirements. Generally, participants may make 401(k) contributions based on a percentage of their annual compensation, subject to statutory limits.

The plan is intended to satisfy the “safe-harbor” rules established by the Internal Revenue Service. Accordingly, the Company is required to contribute matching contributions equal to 100% of the first 3% of employee deferrals plus 50% of the next 2% of employee deferrals. The matching requirement for other franchise employees is the responsibility of those participants’ respective employers.

At the Company’s option, additional amounts may be contributed for the benefit of the Company’s employees. WRESC employer contributions were \$278,323, \$244,521, and \$219,106, for the years ended December 31, 2021, 2020 and 2019, respectively.

Penrith sponsors the Penrith Home Loans LLC 401(k) Savings Plan (the “Plan”). The Plan is available to all employees who have met certain eligibility requirements. Company matching contributions to the Plan are determined by the Company’s Board of Managers. Currently, the match is up to 3% of eligible compensation. Employees vest in these contributions over five years.

Penrith also currently provides a Safe Harbor contribution in the amount of 3% of eligible compensation. Safe Harbor contributions are fully vested immediately. Penrith’s employer contributions to the plan totaled \$615,265, \$553,630 and \$36,000 for the years ending December 31, 2021 and 2020, and for the one-month period ending December 31, 2019, respectively.

NOTE 10 – OTHER RELATED-PARTY TRANSACTIONS:

As noted above, the Company has certain borrowing arrangements with companies related to the Company through mutual ownership.

In November 2019, WRESC borrowed \$2,854,520 from a related party to fund Mortgage. Mortgage in turn invested \$3,000,000 in Penrith. In March 2020, Mortgage borrowed \$325,000 from the same related party to invest in Penrith. These related party borrowing arrangements were not formalized, however, interest at prime plus 2% was being charged on the borrowed amounts. Interest expense recognized on the related party payable was \$117,069, \$176,780 and \$16,057 in 2021, 2020 and 2019, respectively. In September 2021, WRESC refinanced these borrowings with HomeStreet Bank.

The Company’s stockholders own varying equity interests in brokerages for whom the Company performs services. Total revenues earned under these arrangements totaled \$5,442,834, \$4,860,050, and \$3,806,193 during the years ended December 31, 2021, 2020 and 2019, respectively. Accounts receivable from these companies totaled \$458,198 and \$548,700 at December 31, 2021 and 2020, respectively. As a result of the common control of the area representatives, the operating results or financial position of the Company could differ significantly if these transactions were conducted with a third party.

The Company’s stockholders own WSD, LLC, which in turn had a majority interest in MoxiWorks LLC (formerly known as Windermere Solutions, LLC) through September 2019. In September 2019, in a series of transactions, a third party acquired MoxiWorks LLC (“Moxi”). Subsequent to the transactions, the former owners of Moxi, including WSD, own an interest in a company with ultimate ownership of Moxi. Moxi provides technology-related services to franchisees and other unrelated brokerages. Effective September 1,

NOTE 10 – continued:

2019, WRESC and Moxi entered into an agreement pursuant to which WRESC pays Moxi a monthly fixed fee for technology services. Total fees under this arrangement were \$4,980,000, \$5,015,000 and \$1,680,000 in 2021, 2020 and 2019, respectively.

WRESC bills its franchisees for a technology charge, and effective September 1, 2019, reports and retains the revenue for this service.

Prior to entering into the monthly agreement in September 2019, WRESC acted as an agent for Moxi. It billed and collected a technology fee from its franchisees, which it passed onto Moxi. Fees collected and paid to Moxi in 2021, 2020 and 2019 were \$24,829, \$63,259, and \$4,823,284, respectively. Accounts payable as of December 31, 2021 and 2020 includes \$893,687 and \$946,271, respectively, due to Moxi for the above arrangements.

A company with common ownership was paid a fee related to the procurement of franchises. Payments totaled \$116,438, \$198,618 and \$191,559, respectively, during 2021, 2020 and 2019.

Penrith leases office space from an affiliate of WRESC on a cancellable month-to-month arrangement. Penrith recorded approximately \$300,000 in occupancy expense for this lease in each 2021 and 2020.

NOTE 11 – COMMON STOCK:

Windermere Real Estate Services Company:

Common stock outstanding consists of 10,000 shares of Class A common stock without par value and 4,990,000 shares of Class B common stock, also without par value. Shares of Class A stock are entitled to one vote per share in all corporate matters. Class B stock is non-voting. The two classes of stock are identical in all other respects.

NOTE 12 – ACQUISITION OF PENRITH, LLC:

Effective November 30, 2019, in a series of transactions, Mortgage and a third-party owned by certain franchisees and other affiliates of WRESC acquired the assets of Penrith. Prior to the acquisition, Penrith was owned 50% by HomeStreet Bank and 50% by certain franchise owners of WRESC. WRESC determined that, pursuant to generally accepted accounting principles, the accounts and activities of Penrith should be consolidated with the financial statements of WRESC from the date of the transaction forward, and non-controlling interests should be reflected for the interests in Penrith of the franchisees and other affiliates of WRESC.

NOTE 12 – continued:

The following table summarizes the net assets recognized at the acquisition date (rounded):

Cash	\$4,203,000
Loans held for sale	9,689,000
Loans held for investment	1,606,000
Derivative asset	1,450,000
Other assets	629,000
Warehouse lines of credit	(9,333,000)
Derivative liability	(259,000)
Accounts payable and accrued liabilities	(1,413,000)
Repurchase reserve	(572,000)
Net assets acquired	<u>\$ 6,000,000</u>

The above amounts were recorded at Penrith's carrying amount due to the related and common ownership aspects of the transaction. The carrying amounts are generally at fair value, as described in Note 2.

Transaction-related costs incurred were expensed as incurred. WRESC's portion of these costs totaled approximately \$200,000 in 2019, and are reflected in professional fees.

NOTE 13 – OTHER COMMITMENTS:

Adjusted Net Worth and Liquidity

Penrith is required by HUD to maintain adjusted net worth, as defined by HUD, of \$1,000,000 plus an additional net worth of 1% of the total loan volume in excess of \$25,000,000 of Federal Housing Administration ("FHA") single family insured mortgages originated, underwritten, purchased, or serviced during the year, up to a maximum of \$2,500,000. At December 31, 2021, Penrith's adjusted net worth was \$11,228,038 and the required adjusted net worth was \$1,007,392. Accordingly, the Company was in compliance with this requirement.

Penrith is required by HUD to maintain liquidity, as defined by HUD, of 20% of adjusted net worth. At December 31, 2021, Penrith's liquidity was \$9,648,757 and the required liquidity was \$201,478. Accordingly, the Company was in compliance with this requirement.

Repurchase Reserve

The repurchase reserve represents an estimate of losses to be incurred on the repurchase or indemnification of a purchaser's losses related to loan sales. Certain sale contracts require the Company to repurchase a loan or indemnify the purchaser or insurer for losses if a borrower fails to make initial loan payments or if the accompanying mortgage loan fails to meet certain customary representations and warranties.

In the event of a breach of the representations and warranties, the Company may be required to either repurchase the loan or indemnify the purchaser for losses it sustains on the loan. In addition, an investor may request that the Company refund a portion of the premium paid on the sale of mortgage loans if a loan is prepaid within a certain amount of time from the date of sale. The Company records a reserve for estimated losses associated with loan repurchases, purchaser indemnification and premium refunds.

NOTE 13 – continued:

Substantially all of the loans sold by the Penrith are subject to representations and warranties. The Company recorded a repurchase reserve balance of \$352,173, \$572,173 and \$572,174 as of December 31, 2021, 2020 and 2019, respectively, to cover future loss exposure associated with repurchase contingencies.

NOTE 14 – CONTINGENCIES:

The Company is involved from time to time in claims, proceedings and litigation arising in the ordinary course of business. The Company does not believe that any such claims, proceedings or litigation either alone or in the aggregate, will have a material effect on the Company's financial position or results of operations, except as described below.

In September 2015, two former franchisees filed a lawsuit against the Company, claiming breach of contract, breach of the covenant of good faith and fair dealing, and violation of the California Franchise Relations Act. The Company defended itself and filed counter claims. Ultimately, on March 25, 2019, the Company finalized a settlement agreement with the former franchisees. In 2019, the Company received the settlement. Certain amounts collected were applied to accounts receivable, and the remainder of \$1,581,580 is reported as settlement proceeds in the consolidated statement of income.

NOTE 15 – CONCENTRATIONS OF RISK AND RISK MANAGEMENT:

The Company obtains the majority of its revenues from services performed for residential real estate brokerages concentrated in Washington, Oregon, and the western United States. Accordingly, a downturn in the residential real estate market or a downturn in economic conditions in these regions could adversely affect the Company.

The Company's cash balances may, at times, exceed federally insured limits. The Company also holds cash in money market accounts that are not federally insured. This risk is mitigated by maintaining all deposits in high quality financial institutions. The Company believes it is not exposed to any significant credit risk on its cash accounts.

WRESC grants credit to its brokerages and generally does not require collateral or other security.

The mortgage banking and brokerage services industry in which Penrith operates is highly regulated. The Company's operations may be significantly impaired by a change in the regulatory environment.

Penrith derives most of its revenues from the origination and brokerage of residential mortgages with respect to properties in Washington and Oregon. Accordingly, economic fluctuations in the local residential property market, as well as changes in prevailing mortgage interest rates, affect the Company's operations. The Company's operations may be significantly impaired by a change in the local real estate market.

Penrith sells mortgage loans to various third-party investors. Three investors accounted for 68% of Penrith's loan sales in 2021.

NOTE 15 – continued:

Derivative Instruments and Interest Rate Risk Management

Penrith enters into commitments to originate loans whereby the interest rate on the loan is determined prior to funding (IRLCs). IRLCs on mortgage loans intended to be sold are considered to be derivative instruments.

Accordingly, such commitments, along with any related fees received from potential borrowers, are recorded at fair value in derivative assets or liabilities, with changes in fair value recorded in the net gain or loss on IRLCs.

Penrith manages the interest rate risk on IRLCs by entering into forward loan sale commitments, whereby the Company obtains the right to deliver residential loans in the future at a specified price. Such contracts are accounted for as derivatives and are recorded at fair value in derivative assets or liabilities, with changes in fair value recorded in the net gain or loss on IRLCs. Management expects that these forward loan sale contracts will partially offset gains or losses on the IRLCs and mortgage loans held for sale.

Fair values on these derivative instruments are determined using the fair value measurements as classified by ASC 820. The Company classifies cash flows from derivative instruments as cash flows from operating activities in the statement of cash flows.

Derivatives are not used for trading or speculative purposes. The counterparties to the Company's derivative arrangements include mortgage loan applicants with whom the Company has interest rate lock agreements, who are contractually bound to honor the forward loan sale commitments on the locked IRLCs and on mortgage loans held for sale.

Penrith is exposed to credit risk if counterparties to derivative contracts do not perform as expected. This risk consists primarily of the termination value of agreements where the Company is in a favorable position. Penrith minimizes counterparty credit risk through credit approvals, limits, and monitoring procedures, as appropriate.

NOTE 16 – SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through April 27, 2022, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Windermere Real Estate Service Company

**Independent Auditor's Report on
Supplemental Schedules**

Board of Directors and Stockholders
Windermere Real Estate Services Company

We have audited the consolidated financial statements of Windermere Real Estate Service Company and its subsidiary as of December 31, 2021 and 2020, and for the year then ended, and our report thereon dated April 27, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules: consolidating balance sheets as of December 31, 2021 and 2020, and consolidating statements of income for the years ended December 31, 2021 and 2020, are presented for purposes of additional analysis of the consolidated financial statements, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating balance sheet and income statement as of and for the years ended December 31, 2021 and 2020, which insofar as it relates to Penrith Home Loans LLC is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Smith Bunday Berman Britton, P.S.

Bellevue, Washington
April 27, 2022

Windermere Real Estate Services Company
Consolidating Balance Sheet
As of December 31, 2021

	WRESC	WSC Mortgage Holdings LLC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 325,454	\$ 10,615,783	\$ -	\$ 10,941,237
Restricted cash	-	1,800,093	-	1,800,093
Short term investments	-	-	-	-
Accounts receivable, net of allowance for doubtful accounts	4,961,534	294,500	(3,003,053)	2,252,981
Investment in WSC Mortgage Holdings	3,980,073	-	(3,980,073)	-
Mortgage loans held for sale	-	17,771,824	-	17,771,824
Derivative assets at fair value	-	580,265	-	580,265
Reimbursable expenses	1,435	-	-	1,435
Prepaid expenses	239,300	-	-	239,300
Other assets	36,970	197,032	-	234,002
	<u>9,544,766</u>	<u>31,259,497</u>	<u>(6,983,126)</u>	<u>33,821,137</u>
PROPERTY AND EQUIPMENT:				
Fixed assets	5,034,885	-	-	5,034,885
Office furniture and equipment	1,124,765	219,646	-	1,344,411
Leasehold improvements	703,985	610,665	-	1,314,650
Transportation equipment	96,326	-	-	96,326
	<u>6,959,961</u>	<u>830,311</u>	<u>-</u>	<u>7,790,272</u>
Less accumulated depreciation	4,054,031	555,006	-	4,609,037
	<u>2,905,930</u>	<u>275,305</u>	<u>-</u>	<u>3,181,235</u>
OTHER ASSETS:				
Intangibles	360,912	-	-	360,912
	<u>360,912</u>	<u>-</u>	<u>-</u>	<u>360,912</u>
	<u>\$ 12,811,608</u>	<u>\$ 31,534,802</u>	<u>\$ (6,983,126)</u>	<u>\$ 37,363,284</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES:				
Warehouse lines of credit	\$ -	\$ 15,798,311	\$ -	\$ 15,798,311
Accounts payable	1,147,410	772,519	-	1,919,929
Business and payroll taxes	68,175	1,298,988	-	1,367,163
Derivative liabilities at fair value	-	50,374	-	50,374
Repurchase reserve	-	352,173	-	352,173
Other liabilities	-	61,732	-	61,732
Accrued expenses	679,851	-	-	679,851
Note payable to bank	3,564,033	-	-	3,564,033
Notes payable to related companies	2,124,761	3,003,053	(3,003,053)	2,124,761
Deferred rent	463,604	-	-	463,604
Total liabilities	<u>8,047,834</u>	<u>21,337,150</u>	<u>(3,003,053)</u>	<u>26,381,931</u>
STOCKHOLDERS' EQUITY:				
Common stock, no par value, 10,000,000 shares authorized; 5,000,000 shares issued and outstanding	500	-	-	500
Equity - WSC Mortgage Holdings	-	581,563	(581,563)	-
Retained earnings	4,763,274	3,398,510	(3,398,510)	4,763,274
Noncontrolling interest	-	6,217,579	-	6,217,579
Total stockholders' equity	<u>4,763,774</u>	<u>10,197,652</u>	<u>(3,980,073)</u>	<u>10,981,353</u>
	<u>\$ 12,811,608</u>	<u>\$ 31,534,802</u>	<u>\$ (6,983,126)</u>	<u>\$ 37,363,284</u>

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

Windermere Real Estate Services Company
Consolidating Balance Sheet
As of December 31, 2020

	WRESC	WSC Mortgage Holdings LLC	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 1,027,450	\$ 7,127,928	\$ -	\$ 8,155,378
Restricted cash	-	1,800,032	-	1,800,032
Accounts receivable, net of allowance for doubtful accounts	2,401,997	641,780	-	3,043,777
Investment in WSC Mortgage Holdings	3,529,653	-	(3,529,653)	-
Mortgage loans held for sale	-	87,925,820	-	87,925,820
Mortgage loans held for investment	-	133,288	-	133,288
Derivative assets at fair value	-	2,938,449	-	2,938,449
Reimbursable expenses	1,435	-	-	1,435
Prepaid expenses	164,049	-	-	164,049
Other assets	30,006	152,256	-	182,262
	<u>7,154,590</u>	<u>100,719,553</u>	<u>(3,529,653)</u>	<u>104,344,490</u>
PROPERTY AND EQUIPMENT:				
Fixed assets	5,034,885	-	-	5,034,885
Office furniture and equipment	1,021,036	219,646	-	1,240,682
Leasehold improvements	703,985	610,665	-	1,314,650
Transportation equipment	96,326	-	-	96,326
	<u>6,856,232</u>	<u>830,311</u>	<u>-</u>	<u>7,686,543</u>
Less accumulated depreciation	3,472,744	454,434	-	3,927,178
	<u>3,383,488</u>	<u>375,877</u>	<u>-</u>	<u>3,759,365</u>
OTHER ASSETS:				
Intangibles	387,671	-	-	387,671
	<u>387,671</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,925,749</u>	<u>\$ 101,095,430</u>	<u>\$ (3,529,653)</u>	<u>\$ 108,491,526</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES:				
Warehouse lines of credit	\$ -	\$ 81,786,858	\$ -	\$ 81,786,858
Accounts payable	1,165,732	975,016	-	2,140,748
Related party accounts payable	-	3,372,356	-	3,372,356
Business and payroll taxes	78,524	2,073,806	-	2,152,330
Derivative liabilities at fair value	-	441,598	-	441,598
Repurchase reserve	-	572,173	-	572,173
Other liabilities	-	142,516	-	142,516
Accrued expenses	658,930	-	-	658,930
Notes payable to bank	1,856,300	1,300,000	-	3,156,300
Notes payable to related companies	2,140,581	-	-	2,140,581
Deferred rent	482,518	-	-	482,518
Total liabilities	<u>6,382,585</u>	<u>90,664,323</u>	<u>-</u>	<u>97,046,908</u>
STOCKHOLDERS' EQUITY:				
Common stock, no par value, 10,000,000 shares authorized; 5,000,000 shares issued and outstanding	500	-	-	500
Equity - WSC Mortgage Holdings	-	345,369	(345,369)	-
Retained earnings	4,542,664	3,184,284	(3,184,284)	4,542,664
Noncontrolling interest	-	6,901,454	-	6,901,454
Total stockholders' equity	<u>4,543,164</u>	<u>10,431,107</u>	<u>(3,529,653)</u>	<u>11,444,618</u>
	<u>\$ 10,925,749</u>	<u>\$ 101,095,430</u>	<u>\$ (3,529,653)</u>	<u>\$ 108,491,526</u>

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

Windermere Real Estate Services Company

Consolidating Statement of Income For the Year Ended December 31, 2021

	WRESC	WSC Mortgage Holdings LLC	Eliminations	Total
REVENUES				
Continuing franchise fees	\$ 24,363,261	\$ -	\$ -	\$ 24,363,261
Other	2,505,020	1,845,305	-	4,350,325
Originating Income less commissions	-	14,295,041	-	14,295,041
Gain (loss) on interest rate lock commitments	-	(1,947,283)	-	(1,947,283)
	26,868,281	14,193,063	-	41,061,344
OPERATING EXPENSES:				
Salaries	11,807,591	4,435,895	-	16,243,486
Promotional	3,192,752	398,333	-	3,591,085
Business taxes	1,146,834	1,589,036	-	2,735,870
Rent	836,219	720,970	-	1,557,189
Major events	40,845	-	-	40,845
Depreciation and amortization	619,907	100,572	-	720,479
Technology	5,303,337	733,876	-	6,037,213
Travel and entertainment	80,400	43,814	-	124,214
Employee benefits	352,532	1,070,984	-	1,423,516
Dues, licenses, and fees	135,578	69,405	-	204,983
Supplies	207,071	85,358	-	292,429
Professional fees	344,866	937,728	-	1,282,594
Retirement plan	278,323	615,265	-	893,588
Education	23,117	16,232	-	39,349
Repair and maintenance	83,061	45,950	-	129,011
Telephone	100,305	38,937	-	139,242
Miscellaneous	23,874	9,446	-	33,320
Insurance	86,923	77,706	-	164,629
Auto	1,073	-	-	1,073
Postage and printing	16,735	73,726	-	90,461
Utilities	14,079	-	-	14,079
Janitorial	3,388	-	-	3,388
Bad debts	51,351	-	-	51,351
Bank, investor and processing fees	-	1,382,696	-	1,382,696
Total operating expenses	24,750,161	12,445,929	-	37,196,090
INCOME FROM OPERATIONS	2,118,120	1,747,134	-	3,865,254
OTHER INCOME (EXPENSE):				
Reversal of estimated loss reserve	-	220,000	-	220,000
Other income - loan forgiveness	1,126,300	1,300,000	-	2,426,300
Penrith income	1,509,226	-	(1,509,226)	-
Interest income	(25,104)	941,457	-	916,353
Interest expense	(103,999)	(1,038,114)	-	(1,142,113)
	2,506,423	1,423,343	(1,509,226)	2,420,540
CONSOLIDATED NET INCOME	4,624,543	3,170,477	(1,509,226)	6,285,794
Net income attributable to the noncontrolling interest	-	(1,661,251)	-	(1,661,251)
NET INCOME ATTRIBUTABLE TO THE CONTROLLING INTEREST	\$ 4,624,543	\$ 1,509,226	\$ (1,509,226)	\$ 4,624,543

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Consolidating Statement of Income
For the Year Ended December 31, 2020

	WSC			
	Mortgage			
	WRESC	Holdings LLC	Eliminations	Total
REVENUES				
Continuing franchise fees	\$ 23,564,716	\$ -	\$ -	\$ 23,564,716
Other	1,923,823	2,428,377	-	4,352,200
Originating income less commissions	-	17,428,524	-	17,428,524
Gain (loss) on interest rate lock commitments	-	1,238,798	-	1,238,798
	<u>25,488,539</u>	<u>21,095,699</u>	<u>-</u>	<u>46,584,238</u>
OPERATING EXPENSES:				
Salaries	11,632,274	4,852,612	-	16,484,886
Promotional	2,294,493	289,109	-	2,583,602
Business taxes	1,016,421	1,555,827	-	2,572,248
Rent	929,405	924,347	-	1,853,752
Major events	47,814	-	-	47,814
Depreciation and amortization	593,072	103,407	-	696,479
Technology	5,207,056	643,244	-	5,850,300
Travel and entertainment	82,781	127,564	-	210,345
Employee benefits	317,454	1,042,211	-	1,359,665
Dues, licenses, and fees	134,166	169	-	134,335
Supplies	185,691	226,617	-	412,308
Professional fees	329,298	1,167,505	-	1,496,803
Retirement plan	244,521	561,882	-	806,403
Education	18,323	-	-	18,323
Repair and maintenance	64,229	-	-	64,229
Telephone	95,857	-	-	95,857
Miscellaneous	69,260	39,133	-	108,393
Insurance	85,422	-	-	85,422
Auto	4,139	-	-	4,139
Postage and printing	12,052	-	-	12,052
Utilities	18,305	-	-	18,305
Janitorial	4,677	-	-	4,677
Bad debts	103,831	-	-	103,831
Bank, investor and processing fees	-	2,015,937	-	2,015,937
Total operating expenses	<u>23,490,541</u>	<u>13,549,564</u>	<u>-</u>	<u>37,040,105</u>
INCOME FROM OPERATIONS	<u>1,997,998</u>	<u>7,546,135</u>	<u>-</u>	<u>9,544,133</u>
OTHER INCOME (EXPENSE):				
Gain (loss) on disposal of assets	(545)	-	-	(545)
Interest income	47,612	1,560,251	-	1,607,863
Interest expense	(122,276)	(1,684,397)	-	(1,806,673)
Penrith income	3,184,284	-	(3,184,284)	-
	<u>3,109,075</u>	<u>(124,146)</u>	<u>(3,184,284)</u>	<u>(199,355)</u>
CONSOLIDATED NET INCOME	<u>5,107,073</u>	<u>7,421,989</u>	<u>(3,184,284)</u>	<u>9,344,778</u>
Net income attributable to the noncontrolling interest	-	(3,799,607)	-	(3,799,607)
NET INCOME ATTRIBUTABLE TO THE CONTROLLING INTEREST	<u>\$ 5,107,073</u>	<u>\$ 3,622,382</u>	<u>\$ (3,184,284)</u>	<u>\$ 5,545,171</u>

The accompanying notes are an integral part of these financial statements

Exhibit C - Franchise Agreements



FRANCHISE LICENSE AGREEMENT

1. Agreement Date		
2. Licensee's Legal Name		
3. Licensee's Registered Trade Name, if any		
4. "Common Name" and Address of Main Office		
5. "Common Name" and Address of Branch Office(s)		
6. Principals of Licensee	Name of Principal	% of Ownership
7. Projected Date Licensee will commence doing business under the Windermere Name.		

THIS FRANCHISE LICENSE AGREEMENT (the "Agreement") is made and entered into as of the date first written above, by and among WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation d/b/a Windermere Services Company ("WSC"); the licensee identified above ("Licensee"); and the individual owner(s) of Licensee identified above (the "Principals") (each a "Party"; collectively the "Parties").

RECITALS

- A. WSC is the owner of certain intellectual property rights that include the trade names "Windermere" and "Windermere Real Estate" and the following trademarks, service marks, design marks, symbols and logos: (all of which are referred to collectively herein as the "Trademark");



- B. WSC is the owner of proprietary rights in certain standards, methods, procedures,

techniques, specifications and programs developed by WSC for the establishment, operation and promotion of independently owned real estate brokerage offices, as those standards, methods, procedures, techniques, specifications and programs may be added to, changed, modified, withdrawn or otherwise revised by WSC from time to time (referred to collectively herein as the "Windermere System");

- C. WSC has established a highly regarded business reputation and substantial goodwill associated with the Trademark and Windermere System.
- D. Licensee desires to obtain the rights to use the Trademark and Windermere System and to receive services provided by WSC.
- E. WSC, having the exclusive rights to use and to grant others license to use the Trademark and the Windermere System, desires to grant Licensee those rights (the "Franchise"), all under the terms and conditions set forth in this Agreement.

TERMS AND CONDITIONS

In consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Grant of License. Subject to the terms and conditions specified throughout this Agreement, WSC grants to Licensee the revocable and non-exclusive rights to use the Trademark and the Windermere System during the term of this Agreement in the conduct of real estate brokerage services (the "Business"); *provided*, however:

a Licensee shall not incorporate the word "Windermere" or any other element of the Trademark into Licensee's legal name as shown in its articles of incorporation, certificate of formation, or similar legal documents.

b Licensee shall identify its real estate brokerage business using the Trademark in accordance with this Agreement, and in accordance with all standards of usage issued from time to time in writing by WSC. Licensee shall register one or more trade names incorporating the Windermere trade name, as may be permitted by Licensee's state and local laws but may maintain such registrations only so long as this Agreement remains in effect.

c Licensee agrees that during the entire term of this Agreement, including the period of notice of expiration of the term, Licensee shall actively, in good faith, and using its best efforts, engage in the real estate brokerage business using the Trademark.

d During the term of this Agreement, neither Licensee nor any of its Principals may directly or indirectly: (i) engage in any other competing real estate brokerage activity, or (ii) sell all or any part of Licensee's real estate brokerage business or operating assets (including pending sales and listings) to any person or entity engaged in a competing real estate brokerage business.

2. Locations; No Exclusive Territory.

a Office Location. The license granted by this Agreement (the “License”) is limited to the location(s) shown on the first page of this document, or as otherwise approved in writing in advance by WSC in its sole discretion. If no initial location is specified on the first page of this document at the time of execution, Licensee shall propose an initial location in writing to WSC, and WSC will have ten business days after receipt to approve or reject the proposal. In the event that the Parties are unable to agree on the initial office location and three proposed locations have been rejected by Licensor, then Licensee may, at its request, be released from this Agreement, and the Initial Fee for the Franchise will be refunded in full. Once Licensee’s initial location(s) has been approved, Licensee may not relocate any office or open additional office locations except with the advance approval of WSC, which approval may be withheld in its discretion. Denial of any request to add or relocate an office shall not release Licensee from this Agreement.

b Non-Exclusive Territory. Nothing in this Agreement shall be interpreted or construed to confer or grant any exclusive territory, option, right of first refusal, or similar rights to acquire additional franchises or to any exclusive rights in any particular geographic area. WSC reserves the right to grant additional Windermere franchises at any time, in any location, including locations that may compete with Licensee’s location(s) then in existence.

3. Windermere System.

a Guidance. WSC shall upon request provide guidance to Licensee with respect to the Windermere System. Such guidance shall, in WSC’s discretion, be furnished in the form of written materials distributed physically or electronically, including through the Windermere Online Resource Center (WORC) intranet website, via consultation by telephone or in person, or by other means of communication. WSC may, at Licensee’s request, provide special assistance for which Licensee may be required to pay fees and/or expenses as WSC then charges. WSC may, in its sole discretion, develop, implement, modify and/or discontinue components of the Windermere System, including the addition of optional programs to be licensed separately at additional cost. WSC shall have the right, in its sole discretion, to condition Licensee’s participation in any one or more of such programs upon Licensee being in compliance with this Agreement and any other agreements with WSC.

b Policy Manual. Licensee agrees to comply with all mandatory items contained in any policy manual issued and as amended by WSC during the term of this Agreement. For purposes of this Agreement, the term “Manual” means one or more manuals, brochures, memoranda, memos, or other written communications from WSC relating to WSC’s programs, standards, policies, requirements, or procedures applicable to the Windermere System licensed under this Agreement. The Manual may be furnished in the form of written materials distributed physically or electronically, including through the WORC intranet website. Licensee shall comply with all items deemed mandatory in the Manual within 30 days, and all such items in the Manual shall be deemed incorporated in and a material part of this Agreement, except however in the case of any direct conflict between any express term of this Agreement and a provision in the Manual, the terms of this Agreement shall control.

4. Compliance with Laws; REALTOR® Association Membership Required.

a Legal Requirements. Licensee shall at all times fully comply with all applicable federal, state and local laws, regulations and ordinances that apply to the operation of Licensee's real estate brokerage business, including without limitation all applicable real estate licensing requirements for the state(s) in which Licensee's business operates. Failure to comply with any applicable law or regulation shall constitute a material breach of this Agreement.

b Association Membership. During the term of this Agreement, Licensee and all of its individual brokers, managers and sales associates shall maintain membership in good standing with the National Association of REALTORS®, as well as any applicable state and/or local REALTOR® Associations for the geographic area(s) in which Licensee operates. Failure to maintain REALTOR® Association memberships as required shall constitute a material breach of this Agreement.

5. Ownership of Trademark. WSC expressly reserves the sole and exclusive ownership of the Windermere name and the Trademark, as well as the Windermere System and all other trademarks, service marks, logotypes or trade names (whether or not licensed hereunder) associated with the Windermere System. Licensee agrees not to use the Trademark, or any other marks associated with the Windermere System as part of its corporate name or for the purpose of advertising or operating its business, except in accordance with this Agreement, and in accordance with all approved reasonable standards of usage issued from time to time in writing by WSC. Upon request by WSC, Licensee shall cooperate fully and in good faith assist WSC to the extent necessary in the procurement of any protection of or to protect any of WSC's rights in and to the Trademark and the Windermere System or any rights pertaining thereto.

6. Protection of Trademark.

a Standards of Operation. The Parties recognize the importance of the protection and maintenance of the quality image and reputation associated with the name Windermere Real Estate. In furtherance of that objective, so long as this Agreement remains in full force and effect, WSC may approve reasonable standards of operation and service of Licensee, including the issuance of guidelines with respect to the form, content, image and style of advertising materials including signs and signage, the standardized use of the Trademark, and the use of Internet domain names that include or incorporate the Trademark; as well as guidelines for use of social media by Licensee and its licensed sales associates. Licensee agrees to conform to such standards, methods, guidelines and procedures, and agrees to instruct and keep its sales force and employees fully informed of all such methods and procedures, as shall from time to time be promulgated by WSC. Licensee agrees to follow all reasonable directions by WSC concerning Licensee's advertising and other use of the Trademark, which Licensee agrees shall be solely for the purpose of protecting and maintaining the goodwill and reputation of the Windermere brand, Trademark and Windermere System, and not to control the day-to-day operations of Licensee's business.

b Signs and Business Cards. With respect to signs and business cards only, all vendors used by Licensee must be pre-approved by WSC. A list of previously approved vendors is available on request. If Licensee wishes to purchase signs or business cards from a vendor not on the list, Licensee should contact WSC to request approval for the new vendor. Approval of sign and business card vendors may be withheld in the sole discretion of WSC.

c. Disparagement. Licensee acknowledges that the Trademark and the business reputation and methods employed by WSC are of considerable value, and that the operation of Licensee's business – including Licensee's use of the Trademark – will affect the reputation of WSC and the Trademark. Accordingly, Licensee agrees that any act by Licensee or any of its Principals that results in defaming, disparaging or tarnishing the Trademark or the business reputation of WSC shall constitute a material breach of this Agreement, and shall constitute cause for termination of this Agreement.

d. Trademark Modification. If, in the judgment of WSC, it becomes necessary or desirable to modify the Trademark, Licensee will comply with the modification and will bear its own expenses in connection with the modification and conversion.

e. Third-Party Claim of Infringement. Licensee must notify WSC of any third-party challenge to Licensee's use of the Trademark. If Licensee is named as a party in any administrative or judicial proceeding alleging trademark infringement or unfair competition based on Licensee's use of the Trademark, or if Licensee becomes subject to a restraint on its use of the Trademark in connection with its real estate brokerage business, WSC will indemnify Licensee and defend any such proceeding at its own expense. WSC shall have the right to control any such litigation, including the selection of counsel, and shall have the sole right to make all decisions concerning the prosecution, defense or settlement of any litigation. WSC shall have the right to take any action, in its discretion and consistent with good business judgment to prevent infringement of the Trademark or unfair competition against Windermere licensees. If Licensee is awarded monetary recovery in any legal proceeding arising from Licensee's use of the Trademark, WSC reserves the right to obtain reimbursement of its expenses from Licensee out of any monetary recovery awarded to Licensee as a result of WSC's intervention.

f. Data Protection and Privacy. To further protect the goodwill and reputation of the Trademark and the Windermere System, WSC may (but is not obligated to) adopt minimum information security standards for Licensee and other Windermere franchisees, which standards are subject to change from time to time with written notice. Licensee agrees to comply with any such standards established within a reasonable period of time not to exceed 180 days, and agrees to demonstrate compliance upon reasonable request, which may include having an independent third-party auditor conduct an audit of Licensee's data security systems and practices. Failure to comply with any minimum required data security policies shall be a material breach of this Agreement and grounds for termination with cause. In the absence of any minimum standard adopted by WSC, Licensee shall comply with all applicable privacy laws ("Privacy Laws") and PCI (Payment Card Industry), CISP (Cardholder Information Security Program), and SDP (Site Data Protection) specifications. Licensee shall keep all client information, including but not limited to client financial information, payment card information, and personal identifying information (e.g., driver's license numbers, social security numbers, dates of birth) confidential and secure (collectively "Client Information"). To the extent it is kept on Licensee's computer system or network, Licensee shall, at a minimum, (i) install and maintain a firewall configuration; (ii) restrict access to such information only to those who need to know and protect access by unique passwords; (iii) protect all computer systems against malware and regularly update antivirus software; (iv) avoid unencrypted transmission of such information; and (v) establish and maintain a

policy that addresses information security. Licensee shall indemnify, defend, and hold WSC harmless from any losses that may arise in connection with any theft, loss, or misuse of the Client Information that Licensee, its principals, managers, individual brokers, agents, or sales associates may collect and/or process. In the instance of any data breach or cyber attack, Licensee agrees to take the following actions without delay:

- (i) take appropriate measures to stop the attack and restore security,
- (ii) notify WSC, and
- (iii) refrain from making any public statements about the breach or attack without first obtaining WSC's written approval.

7. Fees.

a Initial Fee. As consideration for the granting of the License set forth herein to Licensee for use of the Trademark and the Windermere System, Licensee agrees to pay WSC a non-refundable fee in the amount shown on the Fee Schedule attached hereto as Exhibit 1 (the "Initial Fee"). Unless otherwise indicated on Exhibit 1, the Initial Fee is due in full upon the execution of this Agreement.

b Ongoing License Fees. For the continuing use of the Trademark and the Windermere System, Licensee agrees to pay monthly ongoing license fees in an amount equal to five percent (5%) of the Gross Revenue earned and received by Licensee during the term of this Agreement ("Ongoing License Fees"), including without limitation all residential and commercial real estate commissions, property management leasing commissions or management fees, referral fees, or any other compensation received by Licensee as a result of rendering of real estate brokerage or property management services. Ongoing License Fees for residential sales transactions only are "capped" at the level stated on the Fee Schedule attached as Exhibit 1. The "cap" amount represents the gross commissions earned by each agent per calendar year. For example, a cap amount of \$85,000 means that Licensee will pay Ongoing License Fees on the first \$85,000 of gross commissions earned by each agent during each calendar year. The fee "cap" does not apply to property management revenue or commercial transactions and is subject to cancellation or change by WSC at any time with six months written notice. For the 2021 calendar year, the Ongoing License Fee cap is \$85,000; for the 2022 calendar year, it will be \$87,000. For each year thereafter, WSC reserves the right to increase the "cap" each year by an amount up to the percentage increase in the Consumer Price Index between September 1 of the then-current year and September 1 of the immediately prior year ("Annual CPI Increase"). Beginning in November 2022, by November 30th of each year, WSC shall provide Licensee notice of the updated "caps" which shall take effect from the following January 1st ("CPI Increase Notice"). For purposes of this Agreement, "Consumer Price Index" is the Consumer Price Index for All Urban Consumers for the West Region as published by the U.S. Bureau of Labor Statistics. New Windermere locations receive a "ramp up" discount on their Ongoing License Fees during the first eight months of operation under the Windermere name. This discount is fully described on Exhibit 1, Fee Schedule, of this Agreement. The discount does not apply to any other fees set forth on the Fee Schedule nor to any new franchise agreement executed in connection with the transfer of an existing Windermere location.

c Additional Fees. In addition to the License Fees described above, Licensee also agrees

to pay the additional fees as set forth on the Fees Schedule attached hereto as Exhibit 1 (“Additional Fees”). Licensee agrees that the Additional Fees are subject to change at any time with six months written notice from WSC and that new fees may be added at any time with six months written notice. For any “cap” applied to Marketing Fees, for the 2021 calendar year, the Marketing Fee “cap” is \$50,000; for the 2022 calendar year, it will be \$52,000. For each year thereafter, WSC reserves the right to increase the “cap” each year by the Annual CPI Increase by providing Licensee the CPI Increase Notice.

d Fee Reports and Payments - When Due. License Fees and Additional Fees shall be paid by Licensee monthly within fifteen (15) days after the close of each calendar month. For example, fees accrued in January are due by February 15. Along with its monthly fee payments, Licensee shall submit a fee calculation report in the form and manner specified by WSC from time to time. Licensee will acquire, at Licensee’s sole expense, any computer hardware and software required, including a broker management system, for submission of required reports to WSC and shall upgrade such hardware and software as needed from time to time to comply with WSC reporting requirements. WSC publishes written policies and methods for fee reporting and payment – including the method for calculating the number of “agents” in each office for purposes of fees paid on a per agent basis. Licensee’s fee reports and payments shall comply with the then current policies and methods, which are subject to change from time to time by written notice from WSC. Licensee may not withhold payment of any License Fees or Additional Fees, or any other amounts due to WSC on the grounds of the alleged non- performance or breach of any obligations of WSC under this Agreement or any related agreement.

e Late Fees, Interest. Any fees not paid by the tenth day after they are due will be subject to a late fee equal to ten percent (10%) of the delinquent amount, and the full amount of past due fees plus the late fee shall then bear interest at the lower of either the highest lawful rate or eighteen percent (18%) per annum, compounded monthly. For example, if Licensee owed \$5,000 for January, that amount would be due by February 15. If not paid by February 25, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue compound interest at the applicable rate from February 25 until paid in full. Payments on past due fees may be applied to outstanding balances in WSC’s sole discretion.

f Audits. WSC may conduct periodic audits of Licensee at any time to confirm compliance with all terms of this Agreement. In connection with such audits, Licensee shall on demand provide WSC or its designated agents with access to all of Licensee’s books and records or, at WSC’s election in its sole discretion, copies of all such reports regarding its gross commissions, income, transaction data, rosters of employees agents and assistants, and all other documents or information as WSC may reasonably request, including complete federal income tax returns, state tax returns or filings, financial statements (including balance sheets and profit and loss statements), all prepared in accordance with generally accepted accounting principles. In the event any audit should disclose that Licensee has underpaid any amounts owed under this Agreement by two percent (2%) or more, then Licensee shall promptly pay to WSC the fees, costs and expenses incurred in connection with the audit, along with the delinquent amounts owing, plus interest and penalties as provided herein.

g Fees due after Termination or Expiration. In the event of the expiration or termination

of this Agreement, WSC shall be entitled to receive Ongoing License Fees with respect to all listings and pending sales as of the date of expiration or termination. All such post- expiration or post-termination fees shall be due and payable at the time the commissions are received or receivable by Licensee. Licensee shall further pay all Additional Fees through the month in which the termination or expiration occurs as if it were a full month (for example, if termination or expiration occurs on June 10, Licensee shall nonetheless pay all fees calculated for the entire month of June on or before July 15, with no offset of pro- ration for the partial month). If after the expiration or termination date of this Agreement Licensee sells any part of its operating assets including, for instance, any part of Licensee's listings and sales agreements pending as of the date of expiration or termination, Licensee shall nevertheless continue to be obligated to make payment of all post expiration or termination fees with respect to listings and pending sales as though Licensee still owned them. After the expiration or termination date Licensee shall continue to submit reports and WSC shall continue to have the right to inspect the books and records of Licensee insofar as they pertain to activities and/or revenues in connection with listings and pending sales as of the date of expiration or termination.

h. Administrative Fees. Upon Licensee's request for certain changes listed below, Administrative Fees will be due and payable to WSC immediately upon submittal of such request, alongside the completed form(s) and supplementary documents required by WSC. WSC shall not begin review of the requested change(s) unless and until the fee is paid and submitted with the completed form(s) and supplementary document(s). Payment of the fees does not guaranty the request will be approved by WSC, which approval is in the sole discretion of WSC and will not be unreasonably withheld.

- i. Transfer Fee. Currently \$2,000.00, but can be increased up to \$4,000; plus our expenses incurred reviewing and, where approved, documenting the requested change in connection with an ownership change of Licensee and/or its underlying principal(s),
- ii. Fee for Requests to Add a Branch or Satellite Office. Currently \$1,000, but can be increased up to \$2,000 plus our expenses incurred reviewing and, where approved, documenting the requested change.
- iii. Fee for Requests to a Change of the Location for a Branch or Satellite Office and/or a Change to the Registered Trade Name of Licensee. Currently no charge, but a fee of \$1,000 will be imposed if your address or trade name change is made without WSC's prior written approval.

8. Term, Expiration and Renewal.

a. Term. The term of the Franchise will begin on the Agreement Date shown on page one and continue for a period of one (1) year (the "Term"), unless the Franchise is terminated earlier pursuant to the provisions of this Agreement. Termination or expiration of this Agreement will constitute termination or expiration of the Franchise and all rights to use the Trademarks and Windermere System. Licensee specifically agrees to operate the office(s) approved by this Agreement, or any subsequent addenda, in accordance with the provisions of this Agreement, perform the obligations of this Agreement, and continuously exert its best efforts to promote and enhance the business of the office(s) approved by WSC for the full Term.

b. Automatic Renewal. Unless either Licensee or WSC gives the other written notice of non-renewal at least 180 days before the expiration of the initial Term, the Franchise will automatically renew for an additional term of one year. Automatic renewals continue every year indefinitely until either WSC or Licensee gives written notice of non-renewal. Notice of non-renewal must be given no less than 180 days and no more than 366 days before the intended effective date. If Licensee fails to provide WSC with notice of non-renewal within such period, Licensee will be deemed to have agreed to renewal of the Franchise on the terms set forth in this Agreement.

9. Termination.

a. By WSC. WSC may give written notice of termination for cause, which shall become effective immediately without opportunity to cure if:

- i. Licensee (referred to in this Section 9(a) as the “Franchisee”) or the business to which the Franchise relates is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the Franchisee admits his inability to pay his debts as they come due;
- ii. The Franchisee abandons the Franchise by failing to operate the business for five consecutive days during which the Franchisee is required to operate the business under the terms of the Franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for WSC to conclude that the Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond the Franchisee's control;
- iii. WSC and the Franchisee agree in writing to terminate the Franchise;
- iv. The Franchisee makes any material misrepresentations relating to the acquisition of the Franchise business, or the Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the franchise business or system;
- v. The Franchisee fails, for a period of 10 days after notification of non-compliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise;
- vi. The Franchisee or any Principal is convicted or pleads guilty or no contest to any felony or to any other criminal charge relevant to the operation of the Franchise business;
- vii. WSC makes a reasonable determination that continued operation of the Franchise by the Franchisee will result in an imminent danger to public health or safety; or
- viii. Franchisee assigns or attempts to assign this Agreement without the written consent of WSC.

b. By Either WSC or Licensee. Either WSC or Licensee may terminate this Agreement for cause if: (i) the other Party has failed to comply with one or more material terms of this Agreement; (ii) the non-breaching Party delivers written notice to the breaching Party describing

the alleged breach in detail, and demanding the specific actions necessary to cure the breach; and (iii) the breaching Party fails to cure the alleged breach within ten (10) days in the case of non-payment of any amounts owing, or thirty (30) days after receipt of the written notice for any other non-monetary breach. In addition, either WSC or Licensee may terminate this Agreement on any other grounds authorized by applicable law.

10. Option to Buy. In the event that Licensee gives notice of non-renewal pursuant to Section 8, or if WSC terminates the Franchise for cause pursuant to Section 9, WSC or its assignee shall have the option to acquire all operating assets of Licensee's Business on the following terms:

a Notice of Intent. If Licensee gives notice of non-renewal, WSC shall have fifteen (15) days after receipt thereof to give written notice to Licensee of WSC's intent to exercise its option to purchase. If WSC gives notice to terminate for cause, the termination notice shall also indicate WSC's intent to exercise its option if the default is not timely cured.

b Fair Market Value. If WSC gives notice that it is exercising its option to purchase, the Parties shall attempt to agree on the fair market value of Licensee's Business. If the Parties are unable to agree on the fair market value, then the Parties shall jointly choose an appraiser to establish the fair market value of Licensee's Business and shall equally share in the cost of the appraisal. If the Parties are unable to agree on single appraiser, then WSC and Licensee shall hire its own appraiser at its own expense. If the higher of the two appraised values is less than 20% more than the lower appraised value, then the average of the two appraisals shall be the fair market value of Licensee's Business. If the difference between the appraised values exceeds 20%, then the first two appraisers shall jointly agree on a third appraiser. WSC and Licensee shall jointly share the cost of the third appraisal, and the fair market value of the Licensee's Business shall be the average of (i) the third appraiser's valuation and (ii) the Party's appraisal that was closest to the third appraiser's valuation. The Parties agree that any appraisal of Licensee's Business pursuant to this paragraph shall exclude the value of the goodwill of the Windermere name, or of Licensee's Windermere Franchise. For purposes of this Section 10, any appraiser must be a business valuation appraiser who is Accredited in Business Valuation (ABV) and/or a member of the American Society of Appraisers who specializes in business appraisals.

c Exercise of Option. Once the fair market value has been established, WSC shall have ten (10) days to give notice that it no longer wishes to exercise its option, in which case the License Agreement shall expire or terminate on the date specified in the notices described above. If no such notice is given, then the Parties shall proceed to close the transaction within thirty days after all appraisals were completed. WSC shall pay all cash at closing. The purchase agreement shall contain customary representations, warranties, and conditions for such transactions, including Licensee's good faith cooperation in transferring broker and agent contracts and assigning any leases WSC elects to assume and customary non-competition covenants of Licensee and its principals related to the sale of a business.

d Continuing Duty to Engage. Nothing in this paragraph shall in any way diminish the obligation of Licensee to actively engage in the real estate brokerage business during the full term of this Agreement, including any period of notice of expiration of the term.

11. Discontinuance Upon Termination. In the event of the expiration or termination of the term of this Agreement for any reason, Licensee shall immediately discontinue all use of the Trademark, the name "Windermere," all variations of the name, and the Windermere System. Without limiting the generality of the foregoing, Licensee and its Principals covenant and agree to promptly cancel any trade name registrations and cause the Windermere name to be removed from all of Licensee's business licenses, real estate licenses, and all other similar registrations. Licensee and its Principals further covenant that they shall transfer or cause to be transferred to WSC any Internet domain names registered by, to, or on behalf of Licensee which include the word Windermere, or any variation thereof, or any other Trademark (whether or not registered) of WSC. Licensee understands and agrees that all references to Licensee may be removed from the Windermere web site as of the date this Agreement terminates or expires, and that any and all email addresses issued to Licensee or its agents and employees using the "Windermere.com" domain will be deactivated on the date of expiration or termination.

12. Transfer.

a. Consent Required. This License is not transferable without the written consent of WSC which consent may be withheld in its sole discretion. Any change in the ownership of Licensee as represented by Licensee on Schedule A hereof, if Licensee is a corporation, limited liability company, or other entity, shall be considered a transfer or assignment for purposes of this provision. Failure to obtain the written consent of WSC to any transfer shall constitute a material default by Licensee and shall be grounds for termination of this Agreement for cause.

b. Death or Incapacity. If Licensee is an individual sole proprietor, or an entity with only one principal owner, this License will terminate unless transferred to an approved transferee within six months of the death or incapacity of the principal owner.

c. Form of Request. Transfer requests shall be submitted to WSC in writing, using application forms provided by WSC, which will be subject to change from time to time. WSC will respond to all transfer requests within 60 days, and transfer requests will be reviewed using written standards then in effect, which standards will be subject to change from time to time. Transfer request forms and copies of the written standards for evaluating transfer requests are available from WSC on request.

13. Relationship of Parties; Employment Matters. Licensee is not and shall not hold itself out to be a legal representative, employee, joint venturer, partner or agent of WSC for any purpose whatsoever. Licensee is an independent contractor franchisee and is in no way authorized to make any contract, agreement, warranty or representation on behalf of WSC or to create any obligation, express or implied, on behalf of WSC. Licensee will have sole authority and control over all day-to-day operations of Licensee's business, including without limitation all employment matters. Licensee's employees shall be employees of Licensee only, and Licensee shall have sole responsibility to determine who and how many to employ, terms of employment, scheduling work hours, how to assign work, and when and how to discipline and terminate its employees. WSC will not have any authority, duty or obligation to operate Licensee's business, to direct or supervise Licensee's employees, or to oversee Licensee's employment policies or practices. WSC also will have no involvement in any administrative functions of Licensee's business.

14. Indemnification - Insurance.

a Indemnification. Licensee agrees to indemnify WSC from and against any and all claims based upon, arising out of, or in any way related to the operation of Licensee's business including, but not limited to: any intentional act, negligent act, error or omission by Licensee or any of its agents, employees, licensees, or independent contractors; any claims arising from Licensee's alleged violation of any employment or labor laws; claims arising from data theft, electronic security breaches, hacking of email accounts, or other cybersecurity issues; together with all attorney's fees, costs and other expenses reasonably incurred by or on behalf of WSC in the investigation of or defense against any such claims. The provisions of this paragraph shall survive the expiration or termination of this Agreement. In the event that any claim is tendered to Licensee under the provisions of this section for indemnity, WSC shall have the right at its election to select its own defense counsel, and to control the litigation, including the right to make any decisions concerning the compromise or settlement of any claims.

b Insurance. Licensee agrees to maintain and keep in force during the term of this Agreement, and for a period of three years following its expiration or termination, insurance policies with limits of coverage and deductibles acceptable to WSC. Required insurance includes: Worker's Compensation insurance as required by law; comprehensive general liability insurance; professional liability errors and omissions insurance; employment practices liability insurance; automobile liability insurance; umbrella liability insurance; and data theft and cybersecurity insurance. The insurance policies shall name WSC as an additional named insured, and WSC shall be provided with certificates of required insurance on demand. The types of policies required, minimum coverage limits and deductible requirements may be established by WSC and communicated to Licensee in the form of a policy memo, which is subject to change from time to time with written notice. Upon being notified of a change in required insurance, Licensee agrees to modify their coverage at their next policy renewal to bring their policies into compliance with the revised requirements.

15. Dispute Resolution, Governing Law, Attorneys' Fees. The parties acknowledge that WSC operates a multi-state franchise system, with franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records and business personnel of WSC are located, for the most part, in King County, Washington, and in order to minimize disruption or interference with operation of the franchise system as a whole, Licensee and WSC agree as follows:

a Mandatory Arbitration. Any controversy or claim arising out of or relating to the Franchise relationship, this Agreement, or the breach thereof (including, but not limited to contract, tort and statutory claims) shall be settled by binding arbitration in Seattle, Washington, under the auspices of the American Arbitration Association, pursuant to its Commercial Arbitration Rules and Mediation Procedures. The parties both consent to the jurisdiction of the arbitrator to resolve all disputes arising out of or related to this Agreement. Judgment rendered on the arbitration award may be entered in any court having jurisdiction thereof. The costs of the arbitration will be borne equally by the Parties. THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY, EXCEPT WHERE WAIVER IS PROHIBITED BY APPLICABLE FEDERAL OR STATE LAW.

b Injunctive Relief. Notwithstanding the foregoing, all Parties shall have the right to seek preliminary or temporary injunctive relief in any court of competent jurisdiction situated in

Seattle, King County, Washington, arising from or related to: infringement of intellectual property rights or breach of confidentiality requirements; impairment of the goodwill or reputation of the Trademark or Windermere System; breach of post- termination de-identification obligations; breach of a covenant not to compete or other restrictive covenants; or specific performance of any obligations arising from this Agreement. Such injunctive relief shall be temporary and shall be effective only until an arbitration hearing on the merits is held pursuant to Paragraph (a) above. The Parties agree that at the arbitration hearing the arbitrator shall have the authority to issue permanent injunctive relief, as well as awarding money damages or other such relief as the arbitrator deems appropriate. To the extent litigation is necessary under this Section, the parties each consent to the jurisdiction of the courts situated in Seattle, King County, Washington.

c. Third Parties. All claims, disputes, or controversies shall be arbitrated on an individual basis between WSC and Licensee. Neither WSC nor Licensee shall bring any class, collective, or multi- party claims against the other. Neither WSC nor Licensee shall be a claimant or otherwise participate as a party in any class, collective, or multi-party claims or proceedings brought by any other person or entity.

d. Effect. The arbitration provisions above shall apply not only to claims between Licensee and WSC, but also to any claims against WSC's officers, directors, employees, or affiliated companies. It shall apply to Licensee as well as to (i) all guarantors of Licensee's obligations under this Agreement, (ii) all owners, officers or Principals of Licensee, and (iii) all others who claim any rights or benefits based upon or relating to the Franchise relationship or who make any claim or defense based upon or relating to this Agreement.

e. Governing Law. Notwithstanding any principles concerning conflict of laws, this Agreement, and all disputes relating to or arising from this Agreement, shall be governed by the laws of the state of Washington; except, however, the Washington Franchise Investment Protection Act and Consumer Protection Act shall not apply unless (a) the Licensee's business location is located in Washington State, (b) An offer to sell is accepted in Washington, (c) an offer originating from Washington is accepted and violates the franchise or business opportunity law of the state or foreign jurisdiction in which it is accepted, (d) the purchaser of the franchise is a resident of Washington, or (e) the franchise business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

f. Costs. In the event that any arbitration, suit or other action is instituted for breach of, to enforce or to obtain a declaration of rights under this Agreement, including but not limited to suit for preliminary injunction, the prevailing party shall be entitled to be reimbursed by the non-prevailing party for all costs, including reasonable attorneys' fees, incurred in connection with such suit or action, including any appeals. The "prevailing party" means the party in whose favor a judgment, decree, or final order is rendered.

16. Integration and Amendments; Survival. This Agreement contains the entire agreement between WSC on the one hand, and Licensee on the other, regarding the subject matter thereof, and supersedes all prior or contemporaneous oral or written representations or agreements, which are merged into and superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations WSC made in the Franchise Disclosure

Document that it furnished to Licensee. Any amendments or additions to this Agreement must be in writing and signed by WSC, Licensee and all other signatories to this Agreement. The following provisions of this Agreement shall survive expiration or termination: Sections 5, 6, 7, 10, 11, and 13-18 inclusive.

17. Licensee Representations. Licensee represents that it truthfully and fully answered all questions in the Statement of Prospective Franchisee and has tendered it to WSC in connection with this Agreement. Licensee represents that it has truthfully and fully answered all questions in Exhibit A (“Ownership Questionnaire”) and provided complete information respecting the owners, members, managers, partners, shareholders, officers and directors, as the case may be, of Licensee and has tendered to WSC the Ownership Questionnaire along with this executed Agreement. Licensee further represents that Licensee has delivered to WSC complete and accurate copies of all organizational documents relating to Licensee, including without limitation all partnership agreements, certificates of partnership, Articles or certificates of incorporation or other organization, by-laws and shareholder or member agreements, including all amendments, side letters and other items modifying such documents. Licensee represents that the person signing the Agreement on Licensee’s behalf has been duly authorized to do so and commits to be bound to the terms of this Agreement.

18. Notices. All notices that the Parties may be required or may desire to give under or in connection with this Agreement shall be in writing and shall be sent either by (i) United States certified mail, return receipt requested, postage prepaid, (ii) by other reliable overnight delivery services, expenses prepaid or (iii) electronic mail, addressed as follows:

Method	If to Licensor	If to Licensee
USPS or commercial courier service	Windermere Services Company 1151 Fairview Ave. N., Suite 105 Seattle, WA 98109	[Insert legal and/or trade name and address as shown on page 1 of this Agreement unless such name and address is later amended in writing and signed by both parties.]
Attention:	Legal Dept.	[Insert name and title]
Copy to:	[Insert name of Regional Leader]	[Insert name and title]
Email:	<u>legal@windermere.com</u>	[Insert email address]
Email copy to:	[insert email of Regional Leader]	[Insert email address]

Notices shall be deemed given: (i) three business days after deposit in the United States certified mail or on the next business day after delivery to such reliable overnight delivery service, or (ii) if sent electronically, on the date delivered to the authorized electronic mail address. The addresses and/or electronic mail addresses herein given for notices may be changed at any time by either party by written notice to the other party. Further for avoidance of doubt, this section does not pertain to ordinary communications between WSC support staff and Licensee support staff such as bookkeepers in the course of daily business operations, but rather to legal notices required under or in connection with this Agreement.

19. Disclaimer of Representations and Warranties. WSC expressly disclaims the making of

any representation, warranty or guaranty, express or implied, with respect to the revenues, profits or success of the business venture contemplated by this Agreement. Licensee acknowledges that it has not received or relied upon any such representations, warranty or guaranty, and has not received or relied on any representations concerning the License by WSC or its officers, directors, employees or agents, that are contrary to the statements made in the Franchise Disclosure Document provided to License, or to the terms of this Agreement. Licensee further acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that it involves business risks and that its results will be largely dependent upon its efforts and abilities, including its marketing and promotional efforts. Licensee acknowledges that it has been accorded ample time to consult with its own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and WSC has advised it to do so.

EXECUTION

FRANCHISOR

LICENSEE

**WINDERMERE REAL ESTATE
SERVICES COMPANY**

By Geoffrey P. Wood
Its Chief Executive Officer

By
Its

Date

Date:

EXHIBIT 1 - FEE SCHEDULE

	\$25,000, due in full upon the execution of this Agreement.

Licensee shall pay Ongoing License Fees of **five percent (5%) of the Gross Revenue** earned and received by Licensee during the term of this Agreement. Ongoing License Fees on **residential sale commissions only** shall be capped: for the 2021 calendar year, the cap is \$85,000 per agent, per year; for the 2022 calendar year, the cap will be \$87,000; for each year thereafter, the cap shall be adjusted based on the Annual CPI Increase as described in the Franchise License Agreement.

**APPLIES / DOES NOT APPLY
TO THIS FEE SCHEDULE**

MonthDiscount

1-2 90%

3-4 75%

5-6 50%

7-8 25%

9 and thereafter 0% (full fees due)

New Windermere locations receive a "Ramp-up Discount" on their Ongoing License Fees during the first eight months of operation under the Windermere name. This discount does not apply to: 1) any Additional Fees set forth below, or 2) a new franchise agreement or addendum executed in connection with the transfer of an existing Windermere location.

ADDITIONAL FEES

Technology Fee	\$68.00 per licensed, agent per month.
Email-Only Fee	Each office is provided three free email addresses for administrative purposes. Each agent receives one email address as part of the monthly Technology Fee. Additional email addresses for office administrative purposes or for agents are \$9.00 per month, per address.
Marketing Fee	1% of gross commissions, capped: for the 2021 calendar year, the cap is \$50,000 per agent, per year; for the 2022 calendar year, the cap will be \$52,000; for each year thereafter, the cap shall be adjusted based on the Annual CPI Increase as described in the Franchise License Agreement.

Owners Retreat Fee	The Owners Retreat Fee will be between \$70.00 and \$100.00 per month. An annual notice from accounting will specify the amount of the monthly Owners Retreat Fee for that year. The Owners Retreat Fee covers registration at the annual Owners Retreat for one individual owner in the Licensee ownership group or a manager of Licensee. Where an owner has a majority or greater ownership interest in more than one Windermere Licensee, only one Licensee will be charged the Owners Retreat Fee. Attendance at the Owners Retreat is recommended but not required. Costs for transportation, lodging, and other incidental expenses are additional.
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Windermere Foundation Suggested Donation	\$10.00 per transaction side for each closed transaction.
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FEE PAYMENT INSTRUCTIONS	Fees are to be reported and paid by the 15th of the month following the month in which they accrue, i.e., fees for January are due by February 15th. Payments should be payable to Windermere Services Company, 1151 Fairview Ave North, Seattle, WA 98109.
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LICENSEE INITIALS AND DATE	
WSC INITIALS AND DATE	

EXHIBIT 2 - PERSONAL GUARANTY

Date of License Agreement	
Licensee's Legal Name	
Licensee's Registered Trade Name, if any	

THIS PERSONAL GUARANTY (“Guaranty”) must be signed by all Principals of Licensee identified in the Windermere Real Estate Franchise License Agreement to which this Exhibit is attached. Each Principal shall be deemed a **“Guarantor”** jointly and severally.

RECITALS

- A. Each Guarantor has a financial or other interest in Licensee, will benefit from the granting of the Franchise License Agreement by WSC to Licensee, is familiar with and understands the terms and conditions of the License Agreement; and is satisfied with and approves the same in all respects without condition or reservation. As a material inducement to WSC to grant the License, the Guarantors have agreed unconditionally to guarantee the full and punctual payment and performance of the “Guaranteed Obligations” (defined below).

TERMS AND CONDITIONS

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, and to induce WSC to grant the License to Licensee, each Guarantor covenants and agrees:

1. **GUARANTEED OBLIGATIONS.** As used in this Guaranty, the term **“Guaranteed Obligations”** is defined in its broadest and most comprehensive sense to mean all primary, secondary, direct, indirect, fixed and contingent, debts, duties, agreements, undertakings, obligations, covenants and conditions now or at any time in the future to be paid or performed by Licensee in connection with or relating to the Windermere Franchise License Agreement, or any financial accommodations which WSC may from time-to-time extend or provide to or for the benefit of Licensee in connection with the License including, without limitation, all of Licensee’s obligations to pay all fees, charges, sums, costs, reimbursements and expenses which at any time may be owing under or in connection with the License, any business or financial accommodation made or provided in connection with the License, as any or all of them may from time to time be modified, amended, extended, renewed or restated without notice to or consent from such Guarantor and such actions shall not affect the liability of such Guarantor hereunder.

2. **GUARANTY.** Each Guarantor unconditionally, absolutely and irrevocably guarantees to and for the benefit of WSC the full, prompt and complete payment and performance by Licensee of the Guaranteed Obligations. If any of the Guaranteed Obligations are not paid or performed by Licensee as and when such payment or performance is due or required, then on demand from WSC, the Guarantors will pay or perform the same.

3. INDEPENDENT OBLIGATION. This Guaranty is an independent obligation of each Guarantor, separate and distinct from the Guaranteed Obligations. A separate action may be brought or prosecuted against Guarantor, whether or not any such action is brought or prosecuted against Licensee or any other Guarantor or other party, or whether Licensee or any other Guarantor or any other party is joined in any such action or actions. This Guaranty is an absolute guarantee of payment and performance, and not a guarantee of collection. The obligations of Guarantor under this Guaranty are direct and primary, regardless of the validity or enforceability of any instrument or agreement giving rise to any of the Guaranteed Obligations. Guarantor shall continue to be liable under this Guaranty even if all or part of the Guaranteed Obligations become uncollectible by operation of law or otherwise.

4. APPLICATION OF PAYMENTS. WSC may apply any payments received from any source against any portion of the Guaranteed Obligations in such order and priority as WSC may deem appropriate. No payment received by WSC from any source other than a direct payment made by a Guarantor pursuant to a written demand by WSC shall be credited against that Guarantor's obligations under this Guaranty.

5. ARBITRATION, ATTORNEY FEES. Any action arising from or related to the enforcement, interpretation or defense of this Guaranty shall be governed by the arbitration and attorney fees provisions in the Franchise License Agreement to which this Guaranty is attached.

6. REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to WSC that Guarantor is a principal of Licensee or otherwise financially interested in Licensee, and (a) is adequately informed of the financial condition of Licensee, and Licensee's operations and properties, (b) is familiar with and will stay informed regarding the terms and conditions of the License Agreement and the other Guaranteed Obligations, and of Licensee's resources and plans for payment and performance of the Guaranteed Obligations, (c) has not relied on any financial or other information provided by WSC, if any, about Licensee, Licensee's operations and activities, properties or prospects, and (d) does not expect WSC to provide and waives any duty on the part of WSC to provide any such information in the future including, without limitation, adverse information about the Licensee or its activities. Guarantor acknowledges that WSC is under no obligation to grant the License to Licensee without this Guaranty and would not do so without this Guaranty.

7. MISCELLANEOUS.

(a) If there is more than one Guarantor under this Guaranty, then the obligations of all such Guarantors shall be joint and several, and in such case the obligations of each Guarantor shall be independent of those of all other Guarantors and of the obligations of Licensee and any other persons or entities obligated in any manner for the payment or performance of the Guaranteed Obligations.

(b) The obligations and liabilities of Guarantor hereunder shall not be limited in any manner by any nonrecourse or other provisions in the instruments and agreements giving rise to the Guaranteed Obligations which may limit the liability or obligations of Licensee with respect to the Guaranteed Obligations.

(c) This agreement constitutes the entire agreement between WSC and Guarantor, and no course of dealings between the Parties, no usage of trade, and no parole or extrinsic evidence of any nature shall be used to supplement or modify any terms, nor are there any conditions to the effectiveness of this Guaranty.

(d) If any provision of this Guaranty is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Guaranty and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included. This Guaranty may be changed, modified or supplemented only through a writing signed by both Guarantor and Lender.

I clearly understand that WSC does not have to pursue the Licensee or any other Guarantor or obligated party or foreclose or realize upon any security before demanding payment from me. I further understand that I will have to pay the amounts then due even if Licensee or any other Guarantor or obligated party does not make payment or is otherwise relieved of the obligation of making payment.

GUARANTORS:

SIGN	PRINT NAME AND HOME ADDRESS	DATE

SPOUSAL CONSENT
(AK, AZ, CA, ID, NV, WA)

If any Principal of Licensee is married and that Principal's spouse did NOT sign the License Agreement and Personal Guaranty, then the non-signing spouse must sign below to acknowledge his/her consent to the terms of the agreements signed by the Principal.

Each spouse signing below states as follows:

I, the undersigned spouse of the named Principal of Licensee, hereby acknowledge that I have read the Windermere Real Estate Franchise License Agreement and Personal Guaranty to which this Spousal Consent is attached (the "Agreement") and know its contents. I acknowledge that the Agreement is being executed for the benefit of, and therefore shall be binding upon, my marital community.

PRINCIPAL'S NAME	SPOUSE NAME	SPOUSE SIGNATURE	DATE

EXHIBIT 3 - OWNERSHIP QUESTIONNAIRE

Licensee's Legal Name	
Licensee's Registered Trade Name, if any	

ENTITY TYPE

1. Licensee represents and warrants that as of the date of entering the Franchise License Agreement, Licensee is duly formed and in good standing in its state(s) of operation as a:

☐ sole proprietorship ☐ corporation ☐ partnership ☐ limited liability company

OWNERSHIP

2. Licensee represents and warrant that as of the date of entering the Franchise License Agreement, listed below are the names, residential addresses and percentage ownership interests of the owners of Licensee. For a sole proprietorship, list the name of the sole owner; for a partnership, list the partners; for a corporation, list the shareholders; for a limited liability company, list the members. If more space is required, attach additional sheets hereto.

Name	
Address	
Percentage Ownership	

Name	
Address	
Percentage Ownership	

ORGANIZATIONAL DOCUMENTS AND AUTHORIZED SIGNATORIES

3. For a partnership, corporation or limited liability company, licensee represents and warrant that as of the date of entering the Franchise License Agreement, Licensee is providing a copy of the organizational documents in effect as of the date hereof and listed below are the parties and their title authorized to make decisions and enter into agreements on behalf of the Licensee:

For partnership, Licensee has provided to WSC a copy of the **partnership agreement** and represents and warrants that the governing parties are:

Name	Title
Name	Title

For corporation, Licensee has provided to WSC a copy of the **bylaws and shareholder agreement** and represents and warrants that the governing parties are:

Officers are:

Name	Title
Name	Title

Directors are:

Name	Title
Name	Title

For limited liability company, Licensee has provided to WSC a copy of the **management/operating agreement** and represents and warrants that the governing parties are:
Officers and/or Managing Member are:

Name	Title
Name	Title

LICENSEE

By

Its

Date:

INTENTIONALLY BLANK

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT FOR
NEW CONSTRUCTION OFFICES**

This is an addendum to the original Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

1. Grant of License.

The license granted herein is for the operation of a “Residential New Construction” office only. This means that Licensee and its licensed sales associates may only render real estate brokerage services to buyers and sellers of new construction residential properties. For purposes of this restriction, “new construction residential property” means properties that may be legally occupied as a residence under applicable local zoning code, which are being offered for sale to the public by a builder or developer, and which have not been previously owned or occupied as a residence. This shall include newly constructed single-family residential homes; and newly built or newly converted condominiums that are being offered for sale to individual homeowners for the first time by the condominium declarant.

Licensee shall not render brokerage services to buyers or sellers in connection with “resale” transactions

– meaning any transaction where the subject property has been previously owned or occupied as a residence (including by the builder, or condominium declarant). Licensee is also prohibited from engaging in listing or sales of commercial property (any property which may not be legally occupied as a residence under applicable local zoning code), or vacant land (any unimproved real property).

No other changes. Except as modified herein, all terms of the original Franchise License Agreement remain in full force and effect. In the event of any conflict between the terms of this addendum and the original Franchise License Agreement, this Addendum shall supersede and control.

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT FOR
PROPERTY MANAGEMENT OFFICES**

Date of this Addendum	
Date of Franchise License Agreement	
Licensee's Legal Name	
Licensee's Registered Trade Name, if any	

This is an addendum to the original Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

1. Grant of License.

The license granted herein is for the operation of a "Property Management" office only. This means that Licensee and its affiliated sales associates may only render real estate brokerage services to owners (landlords) and tenants of real property (residential or commercial) that is available for lease or rent but is not for sale. Licensee and its associates may not render brokerage services to buyers or sellers in connection with the listing or sale of any real property – whether residential, commercial, or vacant land.

2. Fees. The "Fees" paragraph of the Agreement is modified as follows:

- a) **Ongoing License Fees.** Licensee agrees to pay to WSC monthly License Fees in an amount equal to three percent (3%) of the Gross Revenue earned and received by Licensee during the term of this Agreement.
- b) **Marketing Fee:** For the 2021 calendar year, \$35.00 per licensed agent per month, and for the 2022 calendar year, \$37 per licensed agent per month. For each year thereafter, WSC reserves the right to increase the Marketing Fee each year by the Annual CPI Increase by providing Licensee the CPI Increase Notice. Any term not defined herein shall have the definition set forth in the Franchise License Agreement.

No other changes. Except as modified herein, all terms of the original Franchise License Agreement remain in full force and effect. In the event of any conflict between the terms of this addendum and the original Franchise License Agreement, this Addendum shall supersede and control.

	INITIALS	DATE
LICENSEE		
WSC		

Form Rev. 05252021

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT FOR
COMMERCIAL OFFICES**

Date of this Addendum	
Date of Franchise License Agreement	
Licensee's Legal Name	
Licensee's Registered Trade Name, if any	

This is an addendum to the original Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

1. Grant of License.

The license granted herein is for the operation of a “Commercial Real Estate” office only. This means that Licensee and its affiliated sales associates may only render real estate brokerage services in connection with the listing, sale, lease or rental of commercial property. For purposes of this Agreement, “commercial property” means any property except a single-family residential dwelling (house, condominium, cooperative apartment, manufactured home, etc.). Licensee may render services in connection with multi- family residential dwellings (two or more units), and any property not zoned or improved for residential use.

2. Fees. The “Fees” paragraph of the Agreement is modified as follows:

- a) **Ongoing License Fees.** Licensee agrees to pay to WSC monthly License Fees in an amount equal to three percent (3%) of the Gross Revenue earned and received by Licensee during the term of this Agreement.

No other changes. Except as modified herein, all terms of the original Franchise License Agreement remain in full force and effect. In the event of any conflict between the terms of this addendum and the original Franchise License Agreement, this Addendum shall supersede and control.

	INITIALS	DATE
LICENSEE		
WSC		

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT FOR
CALIFORNIA FRANCHISEES**

Date of this Addendum	
Date of Franchise License Agreement	
Licensee's Legal Name	
Licensee's Registered Trade Name, if any	

This is an addendum to the original Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

	INITIALS	DATE
LICENSEE		
WSC		

Form Rev. 08022021

Exhibit D - State Specific Information

EXHIBIT D
STATE SPECIFIC INFORMATION

Regulatory Agencies. The Regulatory Agencies for the states in which WSC conducts business are as follows:

California:

California Department of Financial Protection and Innovation
One Sansome Street, Suite 600
Sacramento, CA 94104-4428

Oregon:

Oregon State Department of Consumer and Business Services
Division of Finance and Corporate Securities 350 Winter Street NE, Rm 410
P.O. Box 14480
Salem, Oregon 97309-0405

Utah:

Department of Commerce Division of Consumer Protection
160 East 300 South, 2nd Floor
P.O. Box 146704
Salt Lake City, UT 84114-6704

Washington:

Washington Department of Financial Institutions
Securities Division, 150 Israel Road SW, Tumwater, WA 98501

All Other States:

Federal Trade Commission
Division of Marketing Practices 600 Pennsylvania Avenue, N.W. Washington, D.C. 20580

AGENTS. WSC's Agents for Service of Process are as follows:

Arizona:

Corporation Service Company
8825 N 23rd Avenue, Suite 100
Phoenix, AZ 85021

California:

Corporation Service Company /dba /
CSC- Lawyers Incorporating Service
2710 Gateway Oaks Drive, Suite 150N
Sacramento, CA 95833-3505

Colorado:

Corporation Service Company
1900 W. Littleton Boulevard
Littleton, CO 80120

Idaho:

Corporation Service Company
1305 12th Avenue Road
Nampa, ID 83686

Montana:

Corporation Service Company 26 West 6th
Avenue, P.O. Box 1691
Helena, MT 59624-1691

Nevada:

Corporation Service Company
112 North Curry Street
Carson City, NV 89703

Oregon:

Corporation Service Company
1127 Broadway Street NE Ste 310
Salem, OR 97301-3581

Utah

Corporation Service Company
15 West South Temple, Suite 600
Salt Lake City, UT 84101

Washington:

Corporation Service Company
MC-CSC1, 300 Deschutes Way SW, Suite 208
Tumwater, WA, 98501

Exhibit E - Technology Fees

EXHIBIT E

TECHNOLOGY FEE INFORMATION

The following information was accurate as of the date of this document but is subject to change from time to time. Technology services may be added, discontinued, or modified at WSC's discretion.

STANDARD TECHNOLOGY TOOLS: All offices and agents have access to the following tools, which are included in the standard monthly technology fee:

- Agent Web Site*
- Office Web Site*
- Windermere.com*
- Moxi Present*
- Exchange Email (one email@windermere.com address per tech fee paid)
- Listing Management Tools*
- Photo Gallery Tools
- MLS Aggregation with IDX - over 40 MLSs*
- Roster Management
- Customer Support
- On-demand and webinar training
- SSO to third-party tools
- Listing Syndication
- CRM with Managing Broker Dashboard*
- Neighborhood News*
- Intranet with Centralized Document Management
- Windermere HUB for internal communications

* Certain tools and services require that WSC is able to obtain a data feed from your MLS. Because it must be technically feasible for us to extract active listings and "IDX" fields, if we do not already sweep your MLS, then you may need to pay additional setup fees to have your MLS data downloaded for use with our tools and services. In addition, MLS's have different approaches to charging periodic ongoing fees, including for IDX feed; at this time, some MLS's charge a flat fee, some charge a flat amount by office, and others charge for each agent for IDX feed. WSC will invoice each office for any such MLS IDX fees billed to WSC which are associated with the MLS data feed for such office and its agents on a monthly, quarterly, or annual basis as determined by WSC. At this time, where an MLS charges a flat fee, WSC will divide the flat fee among that MLS's Windermere member offices; where an MLS charges a flat fee by office, WSC will directly charge each office its amount; and where an MLS charges a per-agent fee, WSC will charge the MLS's Windermere member offices pro rata based upon their agent headcount. Data sweep includes active Windermere and non-Windermere listings. The number of sweeps per day depends on data feed type and frequency from the MLS. For Moxi Present and Neighborhood News to function properly, access to additional MLS data that includes status types such as "Sold" is required and may or may not be available based on MLS rules and technical capability.

ADDITIONAL EMAIL ACCOUNTS: Each office is provided three free email@windermere.com addresses for administrative purposes (generic office address, office manager, receptionist, etc.). Each agent receives one email@windermere.com address as part of the monthly Technology Fee. Additional email addresses for office administrative purposes or for agents are \$9.00/month per address.

FUTURE DEVELOPMENT: New tools and services are under continuous development. Some such new tools may be made available to all agents and offices and included in the standard monthly technology fee. However, some new tools or services may be offered as optional upgrades, with additional costs to be paid by agents or offices who choose to subscribe.

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Exhibit F - State Addenda

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
WINDERMERE REAL ESTATE SERVICES COMPANY REQUIRED BY THE
STATE OF CALIFORNIA**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the UFDD 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 persons from membership in such association or exchange.
4. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
5. 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.).
6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
7. The URL of our website is www.windermere.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.
8. The franchise agreement requires binding arbitration. The arbitration will occur in the State of Washington with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.”
9. The franchise agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.

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

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

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

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

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

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

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

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

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20_____.

FRANCHISOR

Windermere Services Company

FRANCHISEE

FDD 2022

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Exhibit G - Statement Of Prospective Franchisee

EXHIBIT G

STATEMENT OF PROSPECTIVE FRANCHISEE

TO BE COMPLETED BEFORE YOU SIGN THE FRANCHISE LICENSE AGREEMENT

The undersigned (“Franchisee”) desires to enter into a franchise agreement (“Agreement”) with Windermere Real Estate Services Company (“Company”). Company requires that Franchisee complete this questionnaire. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1.	Full name of Franchisee (Legal Name and Registered Trade Name, if any):
2.	If the Franchisee is an entity, state the name of the person completing this questionnaire on behalf of the Franchisee:
3.	Did you read and review the Company’s Franchise Disclosure Document (“ <u>FDD</u> ”)? YES NO
4.	Did Franchisee give the Company a signed and accurate receipt for the copy of the FDD? YES NO
5.	If any changes to the Franchise License Agreement were made by the Company, other than at Franchisee’s request, did Franchisee receive a copy of the final form of the Franchise License Agreement at least 7 calendar days before it was executed? YES NO If “No, please comment:
6.	Has any person purporting to act or to speak on the Company’s behalf made any statement or promise to Franchisee concerning the actual or possible revenues or profits of operating a franchised real estate brokerage services company that is contrary to, or different from any information that may be contained in Item 19 of Company’s FDD? YES NO
7.	Has any person purporting to act or to speak on Company’s behalf provided you or directed you to any information contained in any document (including any online document or visual representation) other than the FDD that stated or suggested a specific level or range of actual or potential sales, income, gross or net profits, or "break-even" figures Franchisee would or could attain as a result of operating a franchised real estate brokerage services company. YES NO

Exhibit H - State Effective Dates

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

STATE	EFFECTIVE DATE
California	PENDING
Washington	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.

INTENTIONALLY BLANK

Exhibit I - Item 23 Receipts

Item 23 Receipt

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

If Windermere Services Company offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Windermere Services Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any appropriate state agency identified on Exhibit D.

The franchise seller(s) offering this franchise are:

☐		Brooks Burton
		1151 Fairview Ave. N., Suite 105, Seattle, WA 98109
		206-527-3801
☐		

This disclosure document was issued on May 5, 2022. The franchisor's registered agent authorized to receive service of process in this state is identified on Exhibit D.

I received a disclosure document dated May 5, 2022 that included the following Exhibits:

- A. List of Windermere Offices
- B. Audited Financial Statements
- C. Franchise Agreements
- D. State-Specific Information
- E. Technology Fees
- F. State Addenda
- G. Statement of Prospective Franchisee
- H. State Effective Dates
- I. Item 23 Receipts

PLEASE SIGN, DATE, AND RETAIN THIS COPY OF THE RECEIPT FOR YOUR RECORDS.

Item 23 Receipt

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

If Windermere Services Company offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Windermere Services Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any appropriate state agency identified on Exhibit D.

The franchise seller(s) offering this franchise are:

☐	Name(s)	Brooks Burton
	Principal Business Address	1151 Fairview Ave. N., Suite 105, Seattle, WA 98109
	Phone Number	206-527-3801
☐	Name(s)	
	Principal Business Address	
	Phone Number	

This disclosure document was issued on May 5, 2022. The franchisor's registered agent authorized to receive service of process in this state is identified on Exhibit D.

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- F. State Addenda
- G. Statement of Prospective Franchisee
- H. State Effective Dates
- I. Item 23 Receipts

Sign	
Print Name	
Date	

PLEASE SIGN, DATE, AND RETAIN THIS COPY OF THE RECEIPT FOR YOUR RECORDS.