

FRANCHISE DISCLOSURE DOCUMENT



COMMISSION EXPRESS NATIONAL, INC.

A Virginia Corporation
8306 Professional Hill Drive
Fairfax, VA 22031
703-560-5500

manager@commissionexpress.com
www.commissionexpress.com

As a COMMISSION EXPRESS® franchisee, you will operate a business which purchases accounts receivable from real estate salespeople in the form of pending real estate sales commissions.

The total investment necessary to begin operation of a COMMISSION EXPRESS franchised business with a protected development territory ranges from \$172,620 to \$299,300. This includes \$10,000 (for a small territory), \$25,000 (for a medium territory) or \$50,000 (for a large territory) that must be paid to the franchisor.

The total investment necessary to begin operation of a COMMISSION EXPRESS franchised business with an open market development territory ranges from \$107,800 to \$206,500. This includes \$20,000 (for a medium territory) or \$40,000 (for a large territory) 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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Rachel Feghali, 8306 Professional Hill Drive, Fairfax, VA 22031, (703) 560-5500, manager@commissionexpress.com.

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

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

Issuance Date: May 14, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

Supplier restriction. 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, access to customers, what you sell, how you market, and your hours of operation.

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Virginia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Virginia than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

MICHIGAN NOTICE

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assents to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to sell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

DISCLOSURE DOCUMENT TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES	1
2. BUSINESS EXPERIENCE	2
3. LITIGATION.....	3
4. BANKRUPTCY	3
5. INITIAL FEES.....	3
6. OTHER FEES.....	4
7. ESTIMATED INITIAL INVESTMENT.....	8
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	12
9. FRANCHISEE’S OBLIGATIONS	14
10. FINANCING.....	14
11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	15
12. TERRITORY	23
13. TRADEMARKS	27
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	29
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....	29
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	31
18. PUBLIC FIGURES.....	33
19. FINANCIAL PERFORMANCE REPRESENTATIONS	33
20. OUTLETS AND FRANCHISEE INFORMATION	34

DISCLOSURE DOCUMENT TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
21. FINANCIAL STATEMENTS	39
22. CONTRACTS.....	39
23. RECEIPTS	40
STATE ADDENDA TO THE DISCLOSURE DOCUMENT.....	41

EXHIBITS

- Exhibit A - Agencies/Agents for Service of Process
- Exhibit B - Franchise Agreement, State Riders and Attachments
- Exhibit C - Franchisees
- Exhibit D - Former Franchisees
- Exhibit E - Financial Statements
- Exhibit F - Confidentiality Agreement
- Exhibit G- State Effective Dates
- Exhibit H - Receipts

Item 1

FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

The franchisor is Commission Express National, Inc. For ease of reference in this disclosure document, Commission Express National, Inc. is referred to as “we” and “us,” and the person who is considering the franchise is referred to as “you.” If you are a corporation, a limited liability company, partnership or other legal entity (“legal entity”), certain provisions of the franchise agreement and attachments apply to your shareholders, members, partners, officers and directors (“principals”). Those provisions are noted.

We are a Virginia corporation formed on March 30, 1994. We do business as Commission Express National, Inc. or Commission Express. We do not do business or intend to do business under any other name. We offer franchises under the trademark and trade name COMMISSION EXPRESS®. Our principal business address is 8306 Professional Hill Drive, Fairfax, Virginia 22031. We have no parents, predecessors or affiliates required to be disclosed in this Item. Our agents for service of process are disclosed in Exhibit A.

We offer franchises for COMMISSION EXPRESS businesses that are factoring businesses, in that they purchase accounts receivable in the form of pending real estate sales commissions. This is done by purchasing the salespeople’s accounts receivable at discounts that are redeemed from the proceeds of the settlements on the sales contracts (generally 30 to 90 days after the receivables are purchased).

We have offered franchises since April 1996. From 1996 to 2008, we offered franchise agreements related to the operation of a COMMISSION EXPRESS business with a protected development territory. Since 2009, we have offered franchise agreements that permit persons to operate as either a COMMISSION EXPRESS business with a protected development territory or as a COMMISSION EXPRESS business with an open market development territory.

We have not engaged in any other line of business, have not offered franchises in any other line of business and have not operated a business of the type being franchised. Commission Express, Inc., an affiliate that is also a franchisee, has operated a business of the type being franchised with a protected development territory since April 1992 in Fairfax, Virginia (serving the Washington, D.C. metropolitan area).

In this disclosure document, we describe the 2 types of franchises that are available:

A license for a protected development territory. A franchised COMMISSION EXPRESS business with a protected development territory is required to have a trained manager within the territory, pay minimum monthly royalty fees and advertising fees which are based on the size and age of the territory, and be subject to minimum gross income quotas. The business may choose to open and maintain, but is not required to open and maintain, a professional office within the territory.

A protected development territory is one within which we may not operate, and may not grant any other person the right to operate, a business marketing the service of purchasing accounts receivable from real estate salespeople, under the same or different trademarks.

During the term of the franchise, a franchisee with a protected development territory may, in our sole discretion, apply to convert to an open market development territory. Approval for conversion is subject to the franchisee meeting our then-current standards for an open market development territory, as

determined in our sole discretion, paying us a conversion fee of \$5,000, and signing a new Attachment 1 or 1A to the franchise agreement. A franchisee who is permitted to convert to an open market development territory no longer has any territorial protection.

A license for an open market development territory. A franchised COMMISSION EXPRESS business with an open market development territory is required to have a trained manager within the territory, pay minimum monthly royalty fees and advertising fees which are based on the size and age of the territory, and be subject to minimum gross income quotas. The business may choose to open and maintain, but is not required to open and maintain, a professional office within the territory.

An open market development territory is one within which we may operate, or may grant other persons the right to operate, businesses marketing the service of purchasing accounts receivable from real estate salespeople, under the same or different trademarks.

During the term of the franchise, a franchisee with an open market development territory that is the only franchise operating within the territory may, in our sole discretion, apply to convert to a protected development territory. Approval for a conversion is subject to the franchisee meeting our then-current standards for a protected development territory, as determined in our sole discretion, providing proof of adequate capitalization, submitting a business plan for the protected development territory, submitting a site plan for any proposed professional office, signing a new Attachment 1 or 1A to the franchise agreement, and paying us a conversion fee of \$5,000, plus the difference between the initial franchise fee previously paid and the then-current initial franchise fee for the protected development territory.

You must operate the franchised business according to our standards, policies, procedures and specifications, and sign our standard franchise agreement (“franchise agreement”) and attachments (Exhibit B).

You may compete with other local, regional and national companies, including some large real estate brokerage companies that offer advance real estate commissions to their salespeople. The market for these programs is developed in some major metropolitan areas but is not developed in many areas. You also may compete with several Internet companies offering commission advances. Before signing a franchise agreement, you must survey your prospective market to determine the number of competitors, the number of real estate salespeople they are servicing, and the quality of their programs.

State laws affecting the assignment of real estate commissions, the factoring of accounts receivable or lending may apply to your business. Otherwise, we are not aware of any laws or regulations specific to the operation of your business, although you must comply with all local, state and federal laws and regulations applicable to the operation of any business, including personnel laws and regulations. We urge you to inquire about these laws and regulations.

Item 2

BUSINESS EXPERIENCE

President, Treasurer, Director, and Chairman: John L. Stedman

Mr. Stedman has been our President, Treasurer, Director and Chairman since March 1994. He has been President, Treasurer and Director of Commission Express, Inc. in Fairfax, Virginia since April 1992, and has been Chairman of that company since April 1995.

Secretary and National Manager: Rachel Feghali

Ms. Feghali has been our Secretary since December 2021, and our National Manager since March 2020.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

Franchise for a COMMISSION EXPRESS business with a protected development territory. When you sign the franchise agreement for a protected development territory, you must pay us an initial franchise fee based on our designation of the size of the territory, which is generally the territory covered by 1 or more local Multiple Listing Services or real estate associations (see Item 12), and based on the number of real estate sales per month in the territory, as reported by the local real estate association, as follows:

<u>Initial Franchise Fee</u>	<u>Territory Designation</u>	<u>Number of real estate sales per month, as reported by the local real estate association</u>
\$10,000	Small	Up to 1,000
\$25,000	Medium	1,001 to 2,000
\$50,000	Large	2,001 to 4,000

Franchise for a COMMISSION EXPRESS business with an open market development territory. When you sign the franchise agreement for an open market territory, you must pay us an initial franchise fee based on our designation of the size of the territory, which is generally the territory covered by 1 or more local Multiple Listing Services or real estate associations (see Item 12), and based on the number of real estate sales per month in the territory, as reported by the local real estate association, as follows:

<u>Initial Franchise Fee</u>	<u>Territory Designation</u>	<u>Number of real estate sales per month, as reported by the local real estate association</u>
\$20,000	Medium	1,001 to 2,000
\$40,000	Large	2,001 to 4,000

We offer a 25% discount on the initial franchise fee if an existing franchisee purchases an additional protected or open market development territory.

In 2024, we sold 2 franchises for medium protected territories for \$25,000 initial franchise fees, and 2 franchises for medium protected territories for \$20,000 initial franchise fees. The franchises sold for the discounted initial franchise fees were part of a 3-franchise package.

Except as described above, for both types of franchises, the initial franchise fee is uniform, and is fully earned when the franchise agreement is executed. The initial franchise fee is non-refundable, except that we may, at any time before you successfully complete initial training, cancel the franchise agreement and refund the initial franchise fee, less a \$5,000 cancellation fee, if we decide that you should not operate a COMMISSION EXPRESS business. Except for the circumstance described in this Item, we do not give refunds of the initial franchise fee. See Item 10 for possible financing of the initial franchise fee for a COMMISSION EXPRESS business with a protected development territory.

Item 6

OTHER FEES

Fee (1)	Amount	Due Date	Remarks
Royalty fee	9% of annual Gross Income up to \$300,000 4½% of annual Gross Income from \$300,001 to \$600,000 1% of annual Gross Income over \$600,000 (2)	Payable monthly by 10 th of each month	No royalty (or minimum royalty) is due 1 st 3 months
Minimum royalty fee	<u>Protected</u> : Varies based on designation of territory and the franchise year (3) <u>Open Market</u> : \$450 or \$550 per month. based on territory designation	Payable monthly by 10 th of each month	The classification of a territory as small, medium or large may change, with a corresponding change in the minimum royalty fee.
Advertising fee	1% of annual Gross Income (2), subject to monthly minimum and \$6,000 annual maximum per calendar year	Payable monthly by 10 th of each month	No advertising fees (or minimum advertising fees) due 1 st 3 months.
Minimum advertising fee	<u>Protected</u> : Varies based on designation of territory and the franchise year (4) <u>Open Market</u> : \$50 or \$60 per month based on territory designation	Payable monthly by 10 th of each month	For a license for a protected development territory, the classification of a territory as small, medium or large may change, with a corresponding change in the minimum advertising fee.
Regional cooperative advertising	Up to 3% of annual Gross Income, subject to \$10,000 annual maximum per calendar year	Payable monthly by 10 th of each month	Percentage is determined by a 2/3 vote of the members. If we own a unit, we have the same vote as a franchisee member.
Proprietary computer software upgrade/support fee	\$500 to \$800 (\$587.40 in 2025) (7)	Payable 30 days after billing	As provided, after 1 st 12 months.

Fee (1)	Amount	Due Date	Remarks
Remedial or follow-up training	Currently \$1,000 per day (6) (7)	Before training	You or your manager(s) must attend this training if we decide it is necessary.
Training of replacement managers	Currently \$5,000 per manager (6) (7)	Before training	No fee if training is provided less frequently than every 2 years.
Field assistance	Then-current per diem fee for our personnel (currently \$1,000 per person per day) (7), plus expenses	Before scheduled assistance	This fee is for field assistance you need or request.
Conference fee	Proportionate share of our out-of-pocket costs (currently about \$600-\$900 per conference) (7)	Before conference	Payable whether or not you attend the conference, but your failure to attend at least 2 of the 3 previous conferences is a material default.
Reservation deposits and cancellation fees	Currently \$1,000 per reservation and \$1,000 per cancellation (7)	Before training or conference	We may charge deposits for training or conference reservations, and may charge cancellation fees if the reservations are cancelled.
Management	Then-current per diem fee for appointed manager (currently \$1,000 per person per day) (7), plus expenses	As agreed	Payable only if our appointed manager manages your franchised business because of your death or disability.
Confidential Operations Manual	\$100	Before replacement	Payable only if you lose the manual or if other circumstances require us to replace the manual.
Equipment, supply or supplier testing or inspection, and grant or approval of equipment, supply or supplier	Then-current per diem fee for our personnel (currently \$1,000 per person per day) (7), plus our out-of-pocket costs	30 days after billing	This fee covers the cost of testing or inspecting, granting or approving, new equipment, supplies or suppliers you propose.
Conversion fee	<u>Protected to Open Market:</u> \$5,000 <u>Open Market to Protected:</u> \$5,000, plus the difference between the initial franchise fee you paid and the then-current initial franchise fee for a protected territory	Before conversion	If you ask and we agree to allow you to convert your development territory from protected to open market, or from open market to protected, you must pay us a conversion fee (see Item 12 of this disclosure document and Section 9.1(b) and Attachment 1 or 1A of the franchise agreement).

Fee (1)	Amount	Due Date	Remarks
Transfer	25% of then-current initial franchise fee for comparable territory; currently: \$2,500 (small protected) \$6,250 (medium protected) \$12,500 (large protected) \$6,250 (medium open market) \$12,500 (large open market)	Before transfer	Payable when franchise agreement or controlling interest in you is transferred; no charge if franchise agreement is transferred to legal entity you control.
Renewal	5% of then-current initial franchise fee for comparable territory; currently: \$500 (small protected) \$1,250 (medium protected) \$2,500 (large protected) \$1,250 (medium open market) \$2,500 (large open market)	On signing of successor franchise agreement	
Administrative Fee for Failure to Meet Minimum Gross Income Quota	Difference between amount you paid to us as royalty fees and advertising fees and amount that you would have paid to us on the minimum Gross Income quota, <u>plus</u> an administrative fee of: \$2,000 (small protected), \$4,000 (medium protected), \$6,000 (large protected), \$2,000 (medium open market), or \$4,000 (large open market)	10 days after demand	Payable only if you default by failing to attain any minimum Gross Income quota specified on Attachment 1 or Attachment 1A to the franchise agreement and we, in our sole discretion, allow you to cure your default by paying us the specified sum to avoid termination of your franchise (2)
Audit	Cost of audit	30 days after billing	Payable only if we find, after an audit, that you have understated any amount owed to us by 3% or more for any 3-month period, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner.

Fee (1)	Amount	Due Date	Remarks
Late fees and interest	Lesser of 1½ % per month or highest rate allowed by law, <u>plus</u> , if any payment is not received by us on time, or if any required report is not received by us on time, a late fee of \$100 will also be charged (In California, the highest lawful rate of interest is 10% per annum.)	15 days after billing or due date	Percentage payable on all overdue amounts; \$100 late fee charged for any late payment or overdue report.
Costs and attorneys' fees	Varies under circumstances	As incurred	Payable if your noncompliance with franchise agreement causes us to incur legal expenses.
Indemnification	Varies under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from the operation of your franchised business.

Note 1: All fees are imposed by and payable to us, and are uniformly imposed and collected, unless otherwise noted. All fees are non-refundable. See Item 9 for references to sections of the franchise agreement on fees. If you do not pay us according to your franchise agreement, we may require you to pay us by pre-authorized transfers from your operating account through the use of special checks or electronic fund transfers, that we will process when any payment is due. Within 10 days of our request, you will give your financial institution instructions in a form we provide or approve and will obtain the financial institution's agreement to follow these instructions. You will provide us with copies of these instructions and agreement. The financial institution's agreement may not be withdrawn or modified without our written approval and approval is in our sole discretion. You will also sign all other forms for funds transfer as we or the financial institution request. You agree to cooperate with us in maintaining the efficient operation of the payment system, including depositing all Gross Income you receive in your operating account within 3 business days of receipt. You will pay all charges imposed by your financial institution. We will pay all charges imposed by our financial institution.

Note 2: "Gross Income" includes all fee discount redemptions, interest on defaulted receivables and miscellaneous receipts of the franchised business and the value of all services or products received, for services provided or products sold, whether for cash or barter, or on a charge, credit or time basis. "Gross Income" does not include redeemed advances and holdbacks returned to customers. For purposes of calculating royalty fees and advertising fees, annual Gross Income is based on a calendar year. Minimum Gross Income quotas and required minimum monthly fees are based on a franchise year.

You are subject to the following minimum franchise year Gross Income quota:

Year of Franchise	Minimum Gross Income Quota				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
1	\$20,000	\$10,000	\$5,000	\$5,000	\$10,000
2	\$60,000	\$30,000	\$15,000	\$15,000	\$30,000
3	\$100,000	\$50,000	\$25,000	\$25,000	\$50,000
4	\$140,000	\$70,000	\$35,000	\$35,000	\$70,000
5 and beyond	\$180,000	\$90,000	\$45,000	\$45,000	\$90,000

Note 3: You must pay us the following minimum monthly royalty fees based on a franchise year:

Year of Franchise	Minimum Monthly Royalty Fees				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
1	\$270	\$135	\$70	\$450	\$550
2	\$360	\$180	\$90	\$450	\$550
3	\$450	\$225	\$110	\$450	\$550
4	\$540	\$270	\$130	\$450	\$550
5 and beyond	\$630	\$315	\$150	\$450	\$550

Note 4: You must pay us the following minimum monthly advertising fees based on a franchise year:

Year of Franchise	Minimum Monthly Advertising Fees				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
1	\$30	\$15	\$5	\$50	\$60
2	\$40	\$20	\$10	\$50	\$60
3	\$50	\$25	\$15	\$50	\$60
4	\$60	\$30	\$20	\$50	\$60
5 and beyond	\$70	\$35	\$25	\$50	\$60

Note 5: We have proprietary computer software to assist you in managing your capital pool and accounts receivable. The proprietary computer software is included in the initial packet of materials that you receive at training. After the 1st franchise year, we will charge you an annual fee for updates and support. In recent years, this fee has ranged from \$400 to \$600 per year. See Item 11 for more information.

Note 6: For all training, you must also pay for your trainees' and attendees' wages and benefits, and for their travel, lodging and meal expenses.

Note 7: We may increase this fee to the extent that a third-party supplier increases its charges (if the fee covers the supplier's charges), and/or our personnel compensation or benefit costs increase, and/or we determine that products or services not previously provided are required to be provided.

There currently are no purchasing cooperatives in which you must or may participate; however, we may negotiate with some suppliers for you, at your request.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Protected Development Territory

Type Of Expenditure (1)	Amount (2)		Method Of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial franchise fee (3)	\$10,000	\$50,000	Lump sum	On signing franchise agreement	Us
Leasehold improvements	\$0	\$2,000	As agreed	As incurred	3 rd party suppliers
Leasehold deposit	\$0	\$500	As agreed	As incurred	3 rd party suppliers
1 st month's rent	\$0	\$500	As agreed	As incurred	3 rd party suppliers
Office equipment	\$0	\$500	As agreed	As incurred	3 rd party suppliers

Type Of Expenditure (1)	Amount (2)		Method Of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Furniture	\$0	\$5,000	As agreed	As incurred	3 rd party suppliers
Opening inventory (capital pool) (4) (for 1 st year)	\$150,000	\$200,000	As agreed	As incurred	3 rd party suppliers
1 computer accounting package (QUICKBOOKS®)	\$420	\$1,000	As agreed	As incurred	3 rd party suppliers
1 computer system (5)	\$0	\$3,000	As agreed	As incurred	3 rd party suppliers
1 telephone system (6)	\$0	\$1,000	As agreed	As incurred	3 rd party suppliers
1 copier (6)	\$0	\$3,000	As agreed	As incurred	3 rd party suppliers
Travel, lodging and meals for initial training	\$800	\$1,600	As agreed	As incurred	3 rd party suppliers
Supplies (stationery, brochures, banners, etc.)	\$1,100	\$1,300	As agreed	As incurred	3 rd party suppliers
Business licenses, permits, etc. (for 1 st year)	\$200	\$400	As agreed	As incurred	3 rd party suppliers
Insurance (7) (for 1 st year)	\$500	\$800	As agreed	As incurred	3 rd party suppliers
Pre-opening advertising	\$1,500	\$2,500	As agreed	As incurred	3 rd party suppliers
Local real estate association membership	\$100	\$200	As agreed	As incurred	3 rd party suppliers
Professional fees (8)	\$1,000	\$1,000	As agreed	As incurred	3 rd party suppliers
Additional funds (9) (for 12 months)	\$7,000	\$25,000	As agreed	As incurred	3 rd party suppliers
ESTIMATED INITIAL INVESTMENT (10)	\$172,620	\$299,300			

Note 1: Except as described in Item 10, neither we nor any affiliate offer direct or indirect financing to you for any expenditure. Except as described in Item 5, the initial franchise fee is not refundable, and none of these expenses are refundable.

Note 2: These figures are estimates. Your actual costs will depend on: region; the time of year; the number of customers being serviced; sales promotions; how much you follow our methods and procedures; your management skill, experience and acumen; local economic conditions; the local market for COMMISSION EXPRESS services and products; prevailing market wage rates; competition; and the sales level that you reach during the initial period of your franchised business.

Note 3: See Item 5 for information about the initial franchise fee and the designation of territory size.

Note 4: You will need a capital pool from which to purchase accounts receivable during your 1st year of operation. We initially recommend \$150,000 to \$200,000 of your own or borrowed capital. As your business grows, your capital pool will need to grow. This growth will be a function of the size of your market and your market penetration.

Note 5: If you already have a computer system meeting our specifications (see Item 11), no investment will be necessary.

Note 6: If you already have a telephone system and copier that meet our specifications, no investment will be necessary.

Note 7: You must maintain comprehensive general liability insurance with a limit of at least \$1 million, and office contents and valuable paper insurance. An estimated annual premium for that insurance is \$500 to \$800. You must maintain automobile liability insurance with a \$500,000 combined single limit or a \$250,000/\$500,000 split limit. Most franchisees already carry automobile liability insurance equaling or exceeding the type required or are able to upgrade their insurance to the type required for an estimated annual cost of \$100 to \$400. You must maintain workers' compensation or similar insurance as required by law on all employees. An estimated annual premium for workers' compensation insurance is \$45 to \$450, based on estimated premium rates of \$.50 to \$1.00 per \$100 of salary paid. Please have your insurance agent review the insurance section of the franchise agreement.

Note 8: At our expense and for our benefit, we may have obtained advice from an attorney licensed to practice law in your jurisdiction about the laws in your state applicable to the factoring of real estate commissions. On written request, we will give you a copy of the correspondence from our attorney. You may find it advisable or necessary to retain, at your own expense, an attorney to ensure that you can comply with all applicable laws in each jurisdiction where you will operate the franchised business. If your attorney finds that you cannot comply with any applicable law, and if you promptly notify us, we will make reasonable efforts to resolve the matter before you open the franchised business. Neither you nor your attorney may make any changes to the franchise agreement or other operational documents unless we have approved the changes in advance. You may also want to consult other professionals.

Note 9: You may need these additional funds for any other expenses you will incur before operations begin and during the initial period of operations. The initial period of operations is 12 months. We have considered marketing, promotional, travel, office supply, training, printing and telephone expenses that may be incurred, the minimum monthly royalty fees and advertising fees that must be paid, and delays in revenue generation that might be experienced, based on over 30 years of experience as a franchisor in the factoring business, in formulating the amount required for additional funds.

Note 10: We have relied on over 35 years of combined experience in the factoring business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Open Market Development Territory

Type Of Expenditure (1)	Amount (2)		Method Of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial franchise fee	\$20,000	\$40,000	Lump sum	On signing franchise agreement	US
Opening inventory (capital pool) (3) (for 1 st year)	\$75,000	\$125,000	As agreed	As incurred	3 rd party suppliers
1 computer accounting package (QUICKBOOKS®)	\$100	\$200	As agreed	As incurred	3 rd party suppliers
1 computer system (4)	\$0	\$3,000	As agreed	As incurred	3 rd party suppliers
1 telephone system (5)	\$0	\$1,000	As agreed	As incurred	3 rd party suppliers
1 copier (5)	\$0	\$3,000	As agreed	As incurred	3 rd party suppliers
Travel, lodging and meals for initial training	\$800	\$1,600	As agreed	As incurred	3 rd party suppliers
Supplies (stationery, brochures, banners, etc.)	\$1,100	\$1,300	As agreed	As incurred	3 rd party suppliers
Business licenses, permits, etc. (for 1 st year)	\$200	\$400	As agreed	As incurred	3 rd party suppliers

Type Of Expenditure (1)	Amount (2)		Method Of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial franchise fee	\$20,000	\$40,000	Lump sum	On signing franchise agreement	US
Insurance (6) (for 1 st year)	\$500	\$800	As agreed	As incurred	3 rd party suppliers
Pre-opening advertising	\$2,000	\$4,000	As agreed	As incurred	3 rd party suppliers
Local real estate association membership	\$100	\$200	As agreed	As incurred	3 rd party suppliers
Professional fees (7)	\$1,000	\$1,000	As agreed	As incurred	3 rd party suppliers
Additional funds (8) (for 1 st year)	\$7,000	\$25,000	As agreed	As incurred	3 rd party suppliers
ESTIMATED INITIAL INVESTMENT (9)	\$107,800	\$206,500			

Note 1: Neither we nor any affiliate offer direct or indirect financing to you for any expenditure. Except as described in Item 5, the initial franchise fee is not refundable, and none of these expenses are refundable.

Note 2: These figures are estimates. Your actual costs will depend on: region; the time of year; the number of customers being serviced; sales promotions; how much you follow our methods and procedures; your management skill, experience and acumen; local economic conditions; the local market for COMMISSION EXPRESS services and products; prevailing market wage rates; competition; and the sales level that you reach during the initial period of your franchised business.

Note 3: You will need a capital pool from which to purchase accounts receivable during your 1st year of operation. We initially recommend \$75,000 to \$125,000 of your own or borrowed capital. As your business grows, your capital pool will need to grow. This growth will be a function of the size of your market and your market penetration.

Note 4: If you already have a computer system meeting our specifications (see Item 11), no investment will be necessary.

Note 5: If you already have a telephone system and copier that meet our specifications, no investment will be necessary.

Note 6: You must maintain comprehensive general liability insurance with a limit of at least \$1 million, and office contents and valuable paper insurance. An estimated annual premium for that insurance is \$500 to \$800. You must maintain automobile liability insurance with a \$500,000 combined single limit or a \$250,000/\$500,000 split limit. Most franchisees already carry automobile liability insurance equaling or exceeding the type required, or are able to upgrade their insurance to the type required for an estimated annual cost of \$100 to \$400. You must maintain workers' compensation or similar insurance as required by law on all employees. An estimated annual premium for workers' compensation insurance is \$45 to \$450, based on estimated premium rates of \$.50 to \$1.00 per \$100 of salary paid. Please have your insurance agent review the insurance section of the franchise agreement.

Note 7: At our expense and for our benefit, we may have obtained advice from an attorney licensed to practice law in your jurisdiction about the laws in your state applicable to the factoring of real estate commissions. On written request, we will give you a copy of the correspondence from our attorney. You may find it advisable or necessary to retain, at your own expense, an attorney to ensure that you can comply with all applicable laws in each jurisdiction where you will operate the franchised business. If your attorney finds that you cannot comply with any applicable law, and if you promptly notify us, we will make reasonable efforts to resolve the matter before you open

the franchised business. Neither you nor your attorney may make any changes to the franchise agreement or other operational documents unless we have approved the changes in advance (Section 5.4 of franchise agreement). You may also want to consult other professionals.

Note 8: You may need these additional funds for any other expenses you will incur before operations begin and during the initial period of operations. The initial period of operations is 12 months. We have considered marketing, promotional, travel, office supply, training, printing and telephone expenses that may be incurred, the minimum monthly royalty fees and advertising fees that must be paid, and delays in revenue generation that might be experienced, based on over 30 years of experience as a franchisor in the factoring business, in formulating the amount required for additional funds.

Note 9: We have relied on over 35 years of combined experience in the factoring business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use our proprietary Internet-based computer software. We are the only approved supplier for this software. After the 1st year of your franchise, we require you to pay us a fee for annual upgrades and support for this software. We expect the fee to be \$400 to \$600 per year.

You must use our proprietary website(s) and domain name(s), and may not establish or maintain your own website(s) or domain name(s).

You must purchase or lease certain equipment and supplies meeting our specifications. Our specifications are issued in the Manuals. We may modify the specifications on reasonable written notice to you.

You must purchase or lease initial equipment and supplies in amounts that we recommend, to use our experience in the business and to provide proper initial planning, training and recordkeeping. These initial equipment and supplies include items such as computer hardware and software, copier, telephone system, stationery and business cards.

To ensure adequate insurance coverage, you must have the following: (a) workers' compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business; (b) automobile liability insurance with a \$500,000 combined single limit or a \$250,000/\$500,000 split limit; (c) comprehensive general liability insurance with a limit of at least \$1,000,000; (d) insurance on any professional office, equipment (except portable equipment) and supplies, for loss or damage by fire, windstorm, flood and other risks usually insured against by the owners or lessors of similar property (the insurance must be for at least 90% of the replacement cost of the property); (e) accounts receivable insurance of up to \$200,000, depending on the size of your portfolio; and (f) valuable papers insurance of up to \$5,000.

We must approve the site for, the purchase or lease agreement for, and the appearance of, any professional office for your franchised business. Any signs, logos, emblems or pictorial materials used for the office must conform to our specifications. Also, we may require you to have at least 1 exterior sign of specified design and size, if permitted by local sign ordinances.

We currently maintain a list of approved suppliers and criteria for approving suppliers in the Confidential Operations Manual. We may modify this list on reasonable written notice to you. No franchisor officer owns an interest in any approved supplier.

You may request in writing our approval of additional suppliers. We will grant or revoke approvals of suppliers based on the criteria for approving suppliers in the Confidential Operations Manual, and based on inspections and performance reviews. We may grant approvals of new suppliers or revoke past approvals of suppliers on reasonable written notice to you. We will provide you with written notification of the approval or disapproval of a supplier you propose within 60 days after receipt of your request. For this approval or disapproval, we may charge you a fee equal to then-current per diem fee for our personnel (currently \$1,000 per person per day), plus our out-of-pocket costs.

Neither we nor any franchisor affiliate derives revenue, rebates or other material consideration from suppliers selling services or products to our franchisees, but we reserve the right to do so in the future. If you choose to purchase or lease equipment or supplies from us or a franchisor affiliate, we or the franchisor affiliate will attempt to make a reasonable profit from the sale or lease of those items. Currently, our proprietary software is the only item that you must acquire from us, and we are providing it free-of-charge for the first year (see 1st paragraph of this Item 8). After the first year, we may charge you an annual fee for software upgrades and support. The annual fee for the software upgrade and support will be assessed based on the actual expenses incurred in the first year.

In 2024, we and franchisor affiliates had no revenue, rebates or other material consideration from required purchases and leases of services or products by our franchisees from us, and had no revenue, rebates or other material consideration from suppliers we approved or designated based on their sales and leases of products and services to our franchisees.

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

	<u>% of Total to Establish</u>	<u>% of Total to Operate</u>
Purchases/leases from us	0 - 5%	0 - 5%
Purchases/leases under our specifications	0 - 20%	10 - 25%
Purchases/leases from approved suppliers	0 - 5%	5 - 10%

We do not discriminate against you based on your use or non-use of approved suppliers. We have no purchasing or distribution cooperatives. Currently, we do not negotiate purchase arrangements with our suppliers for the benefit of franchisees.

We provide no material benefits (for example, renewal or granting additional franchises) to you based on your purchase of particular services or products from particular suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section of Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	5.3	7 & 11
(b) Pre-opening purchases/leases	5.3, 14, 15 & 18	7 & 8
(c) Site development and other pre-opening requirements	5.3 & 15	7 & 11
(d) Initial and ongoing training	11	11
(e) Opening	5	11
(f) Fees	9, 11, 16.1, 16.3 & 25.2(viii)	5, 6 & 7
(g) Compliance with standards and policies/ Operations Manual	1.3, 12 & 14	11
(h) Trademarks and proprietary information	19 & 20	13 & 14
(i) Restrictions on products/services offered	7	8, 11 & 16
(j) Warranty and customer service requirements	6.2	8
(k) Territorial development and sales quotas	2 & Attachment 1	12
(l) Ongoing product/service purchases	14	8
(m) Maintenance, appearance and remodeling requirements	14 & 15	11
(n) Insurance	17	7 & 8
(o) Advertising	16	6, 7 & 11
(p) Indemnification	24	6
(q) Owner's participation/ management/staffing	4	11 & 15
(r) Records and reports	13 & Attachment 8	11
(s) Inspections and audits	13.7, 14.2 & 22	6
(t) Transfer	25	17
(u) Renewal	3.2 & Attachment 1A	17
(v) Post-termination obligations	27	17
(w) Non-competition covenants	7, 21 & Attachment 4	17
(x) Dispute resolution	32	17

Item 10

FINANCING

On the sale of multiple units to 1 franchisee under a license for a protected development territory, we may provide financing of up to 50% of the initial franchise fee (1) to accommodate staggered openings, with the principal due in full at the time of opening, and (2) to reduce the immediate capital requirements when the units are contiguous and opened concurrently. The promissory note is Attachment 3 to Exhibit B.

Under the promissory note, you pay any amount financed, together with interest accrued at the rate of 10% per annum, according to a schedule that you and we negotiate. The interest rate does not differ depending on when the financing is issued, and there are no finance charges beyond the interest. The schedule may involve monthly installments or a lump sum payment. (Promissory Note, Paragraphs 1 and 2). You may prepay the amount financed at any time without penalty. (Promissory Note, Paragraph 4). The promissory note does not contain any waivers of defenses. We do not require any security interest or guaranty by a 3rd person.

We may accelerate the outstanding amount due on the promissory note: (1) if you fail or default in making any monthly installment of principal and interest when due; (2) if any representation you make in the promissory note proves to be materially inaccurate, misleading or incomplete; or (3) if your franchise agreement expires or is terminated. (Promissory Note, Paragraph 5). Your failure to pay under the promissory note is a default under the franchise agreement (Sections 26.2 (a) and (e)).

We have no practice or intent to sell, assign or discount to a 3rd party all or part of any financing arrangement, and we receive no payments, directly or indirectly, for the placement of financing with any other entity.

We do not offer any financing for a license for an open market development territory.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

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

- (1) An initial packet of materials for establishing a COMMISSION EXPRESS business, including our proprietary computer software. (Section 10.1(a)).
- (2) Initial training for you and, if you choose, 1 other management-level person of your choice, at a location we determine. Currently, this training is held in the Fairfax, Virginia area and lasts about 5 days (Sections 10.1(b) and 11).
- (3) The Confidential Operations Manual, Confidential Software Manual, and other manuals and materials that have been developed by us ("Manuals," which includes manuals that may be developed by us) (Sections 10.1(c) and 10.1(i)).
- (4) Specifications for equipment, supplies and services to be used under the COMMISSION EXPRESS system (Sections 10.1(e) and 14).
- (5) Samples of initial advertising and marketing materials (Section 10.1(f)).
- (6) Design and sign specifications for any professional office you desire to open and maintain (Sections 5.3 and 15).

During the operation of your business, we will:

- (1) Offer regional, national or international conferences designed to encourage the exchange of information and new ideas between us and our franchisees. You must pay fees to us for

these conferences based on our out-of-pocket costs to hold the conferences (Sections 10.1(b) and 11.2(c)).

- (2) Distribute to you reports of improvements in administrative, bookkeeping, accounting, marketing and other operating procedures, as they are developed (Section 10.1(g)).
- (3) Distribute to you revisions of the Manuals to incorporate improvements and new developments in the COMMISSION EXPRESS system, including improvements in services and products you offer to your customers, and recommended prices. These revisions may be made at any time but will not unreasonably increase your obligations (Section 12.2).
- (4) Provide periodic telephone, electronic mail or other assistance on daily operations, marketing, advertising, financial management and other operating issues that you encounter (Section 10.1(h)).
- (5) Make available to you initial training of replacement managers at a location that we determine. For replacements made more frequently than once every 2 years, you must pay training fees (Sections 10.1(b) and 11.2(b)).
- (6) Make reasonable efforts to negotiate, enter into and maintain, through volume purchasing, contracts for equipment, supplies and services that we make available for your purchase (Section 14.3).
- (7) Review proposed equipment, supply or service contracts to determine if they meet specifications under the COMMISSION EXPRESS system (Section 14.2).
- (8) Administer a system-wide advertising and promotional fund, if we so choose (Section 16.2). (See “System-Wide Advertising and Promotion Fund” below).

System-Wide Advertising and Promotion Fund

Currently, you must participate in a system-wide advertising and promotional fund. The fund may advertise in print media (including local, state and national REALTOR® publications and other publications that address real estate issues), direct mail, publicity posters, brochures, coupons, presentation booklets, and similar media. The coverage of the media may be local, regional or national. We manage the preparation of advertisements, promotional materials and publicity in-house, but may use a regional or national advertising agency to produce materials.

All franchisees and all company-owned businesses (if any) will contribute equally to the fund. Advertising fees will be 1% of monthly Gross Income. We will administer the fund and prepare an annual unaudited financial statement 90 to 120 days following the year end. On your request, we will send you a copy of the annual accounting. We will not use advertising fees paid to the fund or any associated earnings for soliciting the sale of franchises. Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the fund, neither we nor any affiliate will receive any payment for providing services or products to the fund. If we spend more than the advertising fees accumulated in the fund during any fiscal year, we may receive from the fund, on demand, reimbursement in later years to the extent of the excess expenditure.

In 2024, the fund was used for website production and maintenance (36%), internet advertising (32%), trade shows (16%), general production (10%), and administration (6%). None of the fund was used for advertising principally soliciting the sale of franchises.

We are not required to spend any amount from the fund on advertising or promotions in your territory. If any advertising fees paid to the fund, including any associated earnings, are not spent in the fiscal year in which they accrue, they will remain in the fund for use in following years. You will receive periodic accountings of how these advertising fees are spent on your request. We may terminate the fund at any time, but we will not do so until all monies in the fund have been spent for the purposes described in the franchise agreement or returned to contributors on a prorated basis. The fund will be maintained in a separate escrow account.

We have established a franchise advisory board to advise us on advertising and promotional policies and other matters. We allow franchisees to elect the members of the board. The board is advisory and has no operational or decision-making power. The board operates under its own bylaws, and we do not have the right to change or dissolve the board.

Regional Cooperative Advertising

We may establish a regional advertising cooperative in any territory in our discretion, and you must become a member of the cooperative for your territory immediately on our request. You are not required to be a member of more than 1 cooperative. You must contribute to the cooperative the amount the members of the cooperative determine, but you will not be required to contribute to any cooperative more than 3% of your monthly Gross Income, subject to a \$10,000 per calendar year maximum. If we own a unit in the cooperative, we will have a vote. The cooperative members will be responsible for administering each cooperative. Cooperatives must operate from written documents. On the establishment of your cooperative, you will be provided a copy of the written document governing the cooperative. The cooperative will determine whether and when financial statements of the cooperatives' activities will be prepared; however, we may inspect the financial records of any cooperative. We also may change, dissolve or merge any cooperatives. We do not receive payment for providing goods or services to the regional cooperative advertising funds.

Local Advertising

For a protected development territory, you must spend at least the greater of 2% of Gross Income or \$6,000 (large territory), \$4,000 (medium territory) or \$2,000 (small territory) per calendar year on local advertising in your territory in accordance with the standards in the Confidential Operations Manual. For an open market development territory, you must spend \$4,000 (large territory) or \$2,000 (medium territory) on local advertising in your territory during your first full or partial calendar year, and 1% of Gross Income on local advertising in your territory during each calendar year thereafter, in accordance with the standards in the Confidential Operations Manual. We encourage you to advertise in local real estate magazines and MLS publications, to distribute flyers regularly to real estate brokers and salespeople, and to attend local real estate conventions and trade shows. You may use your own advertising and promotional materials: if they conform to specifications in the Confidential Operations Manual; and (a) we have approved the materials in writing before their use, or (b) you have submitted samples to us and we have not disapproved the samples in writing within 10 days after their receipt. See Section 16.5 of the franchise agreement for more information.

Websites, Domain Names and Other On-Line Activity

Currently, we maintain a proprietary website on the Internet to operate, advertise and promote the COMMISSION EXPRESS system, and the services and products marketed by us and our franchisees (see Section 10.3 of the franchise agreement). To ensure compliance with data security and privacy laws for the protection of the COMMISSION EXPRESS brand, you may only accept on-line applications for commission advances originated on and submitted from our proprietary website.

You must maintain a landing page for your business on our proprietary website (see Section 14.1(c) of the franchise agreement). You may not revise the contents of your landing page without our prior approval.

We encourage you to advertise in on-line publications directed at Realtors, but on-line advertising is subject to our approval. You may not use any social media platforms without our prior approval and on-going approval of the content. You may not create, establish or maintain any on-line activities using our trademarks without our prior written approval. You may not establish your own website(s) or domain name(s) for your business under any circumstances.

Internet Access

You must subscribe to an Internet service provider and have cable, DSL or T1 high-speed Internet access. We estimate that the cost to you of an Internet service provider (including an email connection) will range from \$15 to \$50 per month. At our option, you must subscribe to an Internet service provider that we designate. Through this designated provider, we will have the ability to access your accounting and recordkeeping data. There are no contractual limitations on our right to access this data.

You must have our prior written approval to establish an email address containing any of our trademarks or any name or mark confusingly similar to any of our trademarks.

Computer Hardware and Software

You must acquire and use a personal computer with a Microsoft Windows® 7 or later operating system capable of accessing an Internet-based application, and acquire a high-quality color monitor, a high-quality laser printer. You must acquire and use a current version of the following software: Intuit QuickBooks Pro® or higher accounting software, Microsoft Excel® and Adobe Acrobat®. You may not substitute equivalent software. We estimate that the combined cost of the required computer hardware and software will range from \$1,000 to \$3,000. The annual cost of upgrades and support for the above software is about \$500. Computer hardware and software may be purchased from any vendor. We may assist you in obtaining these items and services, but we are not obligated to do so.

Unless we expressly provide otherwise in writing, we do not warranty any required computer hardware or software, and we disclaim all implied warranties to the extent permitted by law. Neither we nor any affiliate is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system. You should determine for yourself whether or not any 3rd party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

You must use our proprietary Internet-based computer software. You will use this software to control your capital pool and receivables, to generate 14 or more operational reports (on accounts receivable, advances, holdbacks, discounts, advance periods, percentage returns, etc.), and to generate 40

or more operational documents (agreements, letters, notices, etc.). We have been using continually improved versions of this software since July 1992. During the 1st year of your franchise, we will upgrade and support this software at no cost to you. After that you must upgrade and support this software as we specify. We estimate that the annual cost of upgrading and supporting this software will be about \$400 to \$600 per year. This software generates and we may, at our option, obtain the following reports:

1.	Receivables Purchased Monthly
2.	Receivables Purchased Y-T-D
3.	Receivables Redeemed Monthly
4.	Receivables Redeemed Y-T-D
5.	Receivables Outstanding (By Settlement Date)
6.	Receivables Outstanding (By Agent)
7.	Receivables In Default
8.	Receivables in Collection
9.	Weekly Cash Flow
10.	Receivables Master File
11.	Receivables Not Redeemed
12.	Receivables Custom Report
13.	Summary and Royalty Fee
14.	Available Capital

As stated above, within our proprietary Internet-based software, we provide you with operational documents. You must pay for your attorney to review the operational documents (which have been used throughout the country on a regular basis) to make sure they conform to local law. If you propose to revise any operational document, we must approve any revision.

We will have independent access to the information generated and stored in our proprietary Internet-based software, and no contractual limits are imposed on our access to your data.

Currently, our proprietary Internet-based software does not include any modules that support personnel-related functions, such as employee timekeeping, employee scheduling and payroll processing. If those types of modules are ever included in this software, they will be non-mandatory. You will be permitted to use those non-mandatory modules on terms we specify, or you will have the right to use alternate software of your choosing to handle personnel-related functions or to handle personnel-related functions in any other manner that you choose.

See Sections 13 and 14 of the franchise agreement for additional information.

Manuals

You may view the Manuals at our headquarters or elsewhere as arranged before you purchase a franchise. To protect the confidentiality of the Manuals, you must sign a confidentiality agreement before you view the Manuals (see Exhibit F). If you do not sign a confidentiality agreement, you may not view the Manuals. We will provide you with copies of the Manuals at initial training.

We provide you with a Confidential Operations Manual, which covered the following subjects as of December 31, 2024:

Table of Contents Heading	Pages
Overview of Commission Express	18
Starting Your Business	14
Staffing	22
Marketing	33
Operating Your Business	66
Operational Techniques	27
Appendix	107
TOTAL	287

We provide you with a Confidential Software Manual, which covered the following subjects as of December 31, 2024:

Table of Contents Heading	Pages
Overview	1
Start Using Your System	4
Customize Forms	2
View and Print Operating Documents	4
Initiate Agent Receivables File Update and Print Templates	42
Print Receivables Operating Reports	7
Print Receivables Individual Agent Reports	5
Initiate Available Capital File Update	12
Print Available Capital Report	3
Email Application Packet	11
Email Flyers and Notices	4
Initiate Accounting System and Set Up New Customer	8
Purchase a Receivable and Set Up New Customer “on the fly”	10
Redeem a Receivable	3
Return a Holdback	2
Transfer Discounts from Capital to Operating	2
Process a Holdback Offset	4
Process a Holdback Overage	2
Retain a Holdback	3
Reverse a Retained Holdback	3
Apply a Holdback	4
Process Interest	2
Receipt an Insufficient Payment	2
Transfer Interest from Loss Reserve to Operating	2
Redeem a Receivable from Loss Reserve	2
Process a Discount (Fee) Offset	2
Process a Returned Check (Insufficient Funds)	2
Process a Bad Debt (Receivable) Write-off	2
Purchase a Receivable to Redeem a K/O Receivable	8

Table of Contents Heading	Pages
Backing Up QuickBooks	2
Set Up Chart of Accounts and Items	4
TOTAL	164

Training

You will receive the following initial training before you open your COMMISSION EXPRESS business:

TRAINING PROGRAM

General Training

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Overview of Commission Express	2	0	Fairfax, Virginia, or virtually by Zoom or Microsoft Teams
Starting Your Business	.5	0	
Staffing	.5	0	
Marketing and Sales	3	0	
Operating Your Business	9	0	
Operational Techniques	2	0	
Website	1	0	
TOTAL	18	0	

Software Training

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Overview of the System	.25	0	Fairfax, Virginia, or virtually by Zoom or Microsoft Teams
Start Using Your System	.25	0	
Customize Forms	.25	0	
View and Print Operating Documents	.25	0	
Receivables File Update and Print Templates	1	0	
Print Operating Reports	.1	0	
Print Individual Agent Reports	.1	0	
Available Capital File Update	.1	0	
Print Available Capital Report	.1	0	
Email Application Packet	.1	0	
Email Flyer and Notice	.5	0	

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Database on Computer	3	0	
Operate Accounting System	3	0	
Accounting on Computer	3	0	
TOTAL	12	0	

Our instructor, John Stedman, has over 30 years of experience in the COMMISSION EXPRESS business and with the subject matter. We will use the Manuals as the basis for our instruction during initial training.

We conduct initial training on an as-needed basis, rather than on a regularly scheduled quarterly, monthly or other basis.

The hours devoted to each subject may vary substantially based on how quickly trainees grasp the material, their previous experience with the subject, and scheduling. Initial training generally will begin within about 30 days after your franchise agreement is signed, and will last about 5 days.

You (or your managing shareholder, member or partner) and an original manager, if any, must complete initial training to our satisfaction.

Initial training generally will conclude 30 days or less before the projected opening of the franchised business. You must train your non-management employees and independent contractors before the opening and during the operation of the franchised business.

Each year that we schedule and conduct a regional, national or international conference, you (or your managing shareholder, member or partner) must attend. The focus of the conference generally will be discussion and review of new business, marketing and technology ideas and concepts. If you (or your managing shareholder, member or partner) fail to attend at least 2 of the 3 previous conferences, it constitutes a material default and we may terminate the franchise, without giving you any opportunity to cure the default, effective immediately on giving written notice of termination to you.

You (or your managing shareholder, member or partner) and/or any previously trained managers must attend any refresher or follow-up training that we designate (such as training for major changes to our data base design or to our operational reports or documents), and you must pay the applicable fees for this.

You will not be charged for initial training, but you must pay travel, lodging and meal expenses for trainees, and any wages or benefits due trainees, during any training period. You will be charged for remedial or follow-up training.

Training for transferees of the franchised business or for replacement managers for protected development territories is required and provided on the same terms as the initial training provided for you, except that if there is a replacement of managers more frequently than once every 2 years, there will be a fee for the training. Training for transferees and replacement managers will occur at a time we schedule and may not be available immediately after the transferee assumes control or the replacement manager is hired.

We do not provide you with assistance hiring employees, and unless otherwise noted above, do not provide you with assistance training employees.

Site Selection

Initially, we approve a territory within which you must establish a COMMISSION EXPRESS business. The territory is determined on the basis of the territory covered by 1 or more local Multiple Listing Services (“MLS”) or real estate associations.

If you desire to open and maintain a professional office within your territory, we may, but are not obligated to, assist you in locating an office site. We will not own the office site and lease it to you. We will approve or reject a proposed office site within 15 to 30 days after you propose it to us in writing, if your proposal is accompanied by the documentation specified in the Confidential Operations Manual. Our evaluation of an office site generally is based on factors such as the site’s centrality in your territory, the neighborhood, proximity to other similar businesses and/or professional offices, traffic patterns, access, parking, size, layout, length of availability, and the terms of any proposed lease or purchase contract. Generally, an acceptable office site is in a traditional office building, is a freestanding commercial building, or is in a shared office space with other professionals. If we reject an office site, you must locate another site.

Opening of Franchised Business

You must open the franchised business within 90 days after you sign the franchise agreement for a protected development territory, and within 45 days after you sign the franchise agreement for an open market development territory. Should circumstances beyond your control prevent you from opening within the 45-day or 90-day period, you must provide us with a written request to delay opening. Your request must state: 1) that a delay is anticipated; 2) the reasons for the delay; 3) the efforts that you are making to proceed with the opening; and 4) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 60 days, if you have been diligently pursuing the opening.

The typical length of time between the signing of a franchise agreement and the opening of a franchised business is about 45 to 90 days. Factors that may affect this time period include our training schedule, and your ability to obtain required equipment and supplies.

Item 12

TERRITORY

We offer two types of franchises, a “protected” development territory at 3 designated levels (small, medium and large), and an “open market” development territory, as further explained in this Item 12 and elsewhere in this disclosure document.

For either type of franchise:

- (1) We designate the territory in Attachment 1 to the franchise agreement when you sign your franchise agreement. Unless your territory is described as an entire state expressly named, no part of a county is included in a territory unless that county is expressly included in the description of the territory.

- (2) You may provide services to any customer in any location, but you must restrict your customer solicitation, advertising, promotion and marketing to your territory to the extent reasonably possible, and must use only our approved forms and methods of advertising. You do not have the right to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, to solicit business outside of your territory.
- (3) You will not receive the automatic right to purchase additional franchises, but you may apply to purchase additional franchises under the same terms as other applicants.
- (4) You may ask to convert to the other type of franchise during the term of the franchise. We may, in our sole discretion, approve your request, if you meet our then-current standards and other requirements that may apply to the other type of franchise, sign a new Attachment 1 or 1A to the franchise agreement and pay a conversion fee and any additional franchise fee as specified in Item 6.
- (5) We may develop and promote other systems involving dissimilar services or products, inside or outside your territory, using alternative distribution methods, including the Internet, under the same or different trademarks, without granting you any rights in those systems.
- (6) We may contact international, national or regional real estate companies with headquarters or locations in your territory for any purpose, including the purpose of promoting the use, or the increased use, of COMMISSION EXPRESS programs marketed by us or our franchisees.
- (7) We may offer and sell COMMISSION EXPRESS franchises for other territories to prospects located in your territory.
- (8) You do not have the right to do business with any particular customer and understand that a customer may choose to do business with any franchisee.
- (9) We may survey or contact customers in the territory about their satisfaction or complaints, and to resolve any customer complaints.

For either type of franchise, we are not required to pay you if we exercise any of the rights specified above inside your territory.

For either type of franchise, we do not reserve the right, for ourselves or our affiliates, to use other channels of distribution, including the Internet, to offer services or products that are the same as or similar to those you will be offering, within your territory, under the same or different trademarks.

Neither we nor any affiliate operates or plans to operate or franchise businesses that offer services or products that are the same as or similar to those you will be offering, within your territory, under different trademarks.

Protected Development Territory

For a protected development territory, we grant to you the marketing rights for a territory generally described by the boundaries of 1 or more local Multiple Listing Services (“MLS”) or real estate associations. We will not operate, or grant any other person the right to operate, in your territory, a business marketing the service of purchasing accounts receivable from real estate salespeople, under the

COMMISSION EXPRESS trademark or a different trademark. You have no right to do business with any particular customer, whether or not the customer is located in your territory.

You will not receive an exclusive territory. You may face competition from other franchisees who may be doing business with customers in your territory, from us or our affiliates, or from other channels of distribution or brands that we control. A customer may choose to do business with any franchisee.

Using MLS, real estate association or other reliable real estate industry data, we define small territories generally to include up to 1,000 monthly residential real estate sales, medium territories to include from 1,001 to 2,000 monthly residential real estate sales, and large territories to include 2,001 to 4,000 monthly residential real estate sales.

We may re-designate a territory as often as necessary, but no more than once each calendar year based on changes in the average number of monthly residential real estate sales based on MLS, real estate association or other reliable real estate industry data. Any change will apply for the year of the franchise starting after that calendar year and for all later years of the franchise. Also, we may re-designate a territory on renewal to conform to our then-current standards.

To retain your franchise, you must meet the minimum franchise year Gross Income quotas stated in Attachment 1 or 1A to the franchise agreement. If you fail to achieve a minimum Gross Income quota, we may terminate your franchise. The quotas are for years of the franchise based on the franchise award date (which is the date we sign the franchise agreement) or transfer date of the franchise, rather than for calendar years, and are non-cumulative from year to year. During the initial term of the franchise, the quotas will be:

<u>Year of Franchise</u>	<u>Large Territory</u>	<u>Medium Territory</u>	<u>Small Territory</u>
Year 1	\$20,000	\$10,000	\$5,000
Year 2	\$60,000	\$30,000	\$15,000
Year 3	\$100,000	\$50,000	\$25,000
Year 4	\$140,000	\$70,000	\$35,000
Year 5 and beyond	\$180,000	\$90,000	\$45,000

If your territory is re-designated (whether due to an increase or decrease in average monthly sales), you must meet the minimum Gross Income quota for the new territory designation as listed in Attachment 1 or 1A. If your territory is subdivided into 2 or more territories due to growth in average monthly sales, you must meet the minimum Gross Income quotas for each territory designation as listed in Attachment 1 or 1A. If you fail to promptly execute paperwork that we request in regard to any territory subdivision, we may terminate your franchise rights to the newly described territory.

You are not required to open and maintain a professional office in your territory for your COMMISSION EXPRESS business, and you may work out of your home.

If you desire to open and maintain a professional office within your territory, we may, but are not obligated to, assist you in locating an office site. We will not own the office site and lease it to you. We will approve or reject a proposed office site within 15 to 30 days after you propose it to us in writing, if your proposal is accompanied by the documentation specified in the Confidential Operations Manual. Our evaluation of an office site generally is based on factors such as the site's centrality in your territory, the neighborhood, proximity to other similar businesses and/or professional offices, traffic patterns, access, parking, size, layout, length of availability, and the terms of any proposed lease or purchase contract.

Generally, an acceptable office site is in a traditional office building, is a freestanding commercial building, or is in a shared office space with other professionals. If we reject an office site, you must locate another site.

If you desire to relocate a professional office to another site, you must notify us of the proposed office site, which must be within your territory and must again meet the specifications in the Confidential Operations Manual. We will approve or reject the proposed office site within 15 to 30 days after you propose it to us in writing, if your proposal is accompanied by the documentation specified in the Confidential Operations Manual. Our evaluation of an office site generally is based on factors such as the site's centrality in your territory, the neighborhood, proximity to other similar businesses and/or professional offices, traffic patterns, access, parking, size, layout, length of availability, and the terms of any proposed lease or purchase contract.

Open Market Development Territory

For an open market development territory, we grant to you the marketing rights for a territory generally described by the boundaries of 1 or more local MLS or real estate associations. You will not receive a protected development territory. You will not be granted any right to exclude, control or impose conditions on the location or development of other COMMISSION EXPRESS businesses in your territory. However, using MLS, real estate association or other reliable real estate industry data, we will permit only up to 1 COMMISSION EXPRESS business in your territory for every 1,000 (or any part thereof) average monthly residential real estate sales in the territory. If there is a decrease in average monthly residential real estate sales in your territory at any time during the term of your franchise, we will not be required to terminate any franchise previously granted in your territory.

We also may: (a) develop and promote the COMMISSION EXPRESS system as well as other systems involving similar services or products, inside or outside your Development Territory, under the same or different service marks, trademarks or trade names, without granting you any rights in those systems; (b) operate (outright, or through contracts, joint ventures or otherwise) businesses (including COMMISSION EXPRESS businesses) anywhere inside or outside your territory, including in any adjacent territory; and (c) grant others the right to operate businesses (including COMMISSION EXPRESS businesses) anywhere inside or outside your territory, including in any adjacent territory.

You are not required to establish a professional office in your territory for your COMMISSION EXPRESS business, and you may work out of your home. If you desire to open or relocate a professional office within your territory, the same procedures and standards as those described above for a "Protected Development Territory" will apply.

You are not required to establish a professional office in your territory for your COMMISSION EXPRESS business, and you may work out of your home.

Using MLS, real estate association or other reliable real estate industry data, we define medium territories to include from 1,001 to 2,000 monthly residential real estate sales, and large territories to include 2,001 to 4,000 monthly residential real estate sales.

We may re-designate a territory as often as necessary, but no more than once each calendar year based on changes in the average number of monthly residential real estate sales based on MLS, real estate association or other reliable real estate industry data. Any change will apply for the year of the franchise starting after that calendar year and for all later years of the franchise. Also, we may re-designate a territory on renewal to conform to our then-current standards.

To retain your franchise, you must meet the minimum franchise year Gross Income quotas stated in Attachment 1 or 1A. If you fail to achieve a minimum Gross Income quota, we may terminate your franchise. During the initial term of the franchise, the quotas will be:

<u>Year of Franchise</u>	<u>Medium Territory</u>	<u>Large Territory</u>
Year 1	\$5,000	\$10,000
Year 2	\$15,000	\$30,000
Year 3	\$25,000	\$50,000
Year 4	\$35,000	\$70,000
Year 5 and beyond	\$45,000	\$90,000

Item 13

TRADEMARKS

We grant you the non-exclusive right and obligation to use the trademark, service mark and trade name COMMISSION EXPRESS, and other trademarks, service marks, trade names, logos, trade dresses, and other commercial symbols (“trademarks”) that we make available to you, in providing services and products under the COMMISSION EXPRESS system in your territory.

Federal Registrations

We registered the following principal trademark (“Mark”) on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date
COMMISSION EXPRESS	2,331,517	March 21, 2000

We have filed, and intend to continue to file, all required renewal applications and affidavits for the Mark.

Determinations

There are no currently effective material determinations of the USPTO, any Trademark Trial and Appeal Board, any state trademark administrator or any court, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving the Mark in any manner that is material to the franchised business. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the Mark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of the Mark in any manner that is material to the franchised business.

Protection of Rights

We will control any administrative proceedings or litigation involving the Mark. You must notify us promptly of any use by any person or legal entity other than us or our franchisees, of our Mark or any

variation of any of our trademarks. We will decide the actions to be taken against the use of any of our trademarks by any persons or legal entities other than us or our franchisees. Our current intent is to take strong and progressive actions (which may include bringing litigation) against that use. Any actions that we take will be at our expense.

You must notify us promptly of any apparent infringement of or challenge to your use of any trademark or of any litigation brought against you involving any of our trademarks, and you must deliver to us copies of any documents that we request. We will decide whether to settle or defend any trademark litigation brought against you. If we decide to take either action, we will do so at our expense, but you must cooperate with us. If the defense does not include issues involving the operation of your franchised business, we will reimburse you for your out-of-pocket costs. If we decide not to defend or settle any trademark litigation brought against you, you must defend or settle the litigation at your expense.

We will indemnify you to the extent that litigation involves defending against infringement or unfair competition if you are using the trademarks in accordance with the franchise agreement and the Manuals, and if you give us notice of a claim within 30 days of your learning of that claim.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other COMMISSION EXPRESS franchisees, or make those trademarks available for use by other persons or entities.

We may modify or provide a substitute for any trademark. If we do, we will be responsible for your cost of compliance, but we are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued trademark.

You may not use our trademarks in the sale of unauthorized services or products, or with any prefix, suffix or other modifying word, term, symbol or design, or in any manner we have not authorized in writing. You must comply with our instructions in filing and maintaining any required fictitious, trade or assumed name registrations for the COMMISSION EXPRESS trade name. You must sign all documents we require to obtain protection for the trade name COMMISSION EXPRESS (*e.g.*, {*your legal entity name*} d/b/a COMMISSION EXPRESS of {*development territory*}.) Except as we permit in writing, you may not use any trademark, any derivation or modified version of any trademark, or any confusingly similar trademark in a legal entity name, website address, email address, domain name or other identification in any print, electronic or other medium.

All rights in and good will from the use of our trademarks accrue solely to us. We may require you to use and display a notice in a form we approve that you are a franchisee under the COMMISSION EXPRESS system using the trademarks under a franchise agreement. You may not directly or indirectly contest our rights in our trademarks.

Superior Prior Rights or Infringing Uses

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Mark.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training and management materials that we created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your COMMISSION EXPRESS business.

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

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise. All of the provisions in Item 13 under the heading “Protection of Rights” also apply to copyrights; provided, however, that you must modify or discontinue use of any subject matter covered by a copyright if directed by us.

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

Proprietary Information

The Manuals (Confidential Operations Manual, Confidential Software Manual, and other manuals and materials that have been or may be developed by us) are proprietary and copyrighted. The Manuals include both mandatory standards, policies, procedures and specifications, and non-mandatory guidelines and recommendations, for the operation of the franchised business. Item 11 describes the Manuals and the manner in which you are permitted to use them. All documents provided to you, including the Manuals, are for your exclusive use during the term of the franchise, and may not be reproduced, loaned or shown to any person outside the COMMISSION EXPRESS system.

You must have each employee sign an agreement before you grant him or her access to the Manuals or any other proprietary and confidential information, in which he or she agrees to the confidentiality of the COMMISSION EXPRESS system, agrees not to use any information about the COMMISSION EXPRESS system for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with your franchised business and other franchisees' businesses.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We strongly believe that the success of your franchised business will depend to a significant extent on your personal and continued efforts, supervision and attention. You (or your managing shareholder, member or partner), or an equivalently trained manager, must personally manage the franchised business

at all times. If you are licensed to operate in more than one development territory, you must have a full-time trained manager in each development territory, whether it is a protected or open market development territory.

Because the franchised business is a financial services business that deals with the very serious matter of money and cash flow, it is important that you, your manager and everyone associated with your franchised business, project an image of stability and professionalism by adhering to the standards specified in the Manuals. You must be open for business each week for minimum hours and days as stated in the Confidential Operations Manual.

You (or your managing shareholder, member or partner) and any original on-site manager of the franchised business must successfully complete the initial training we provide. Any replacement on-site manager also must successfully complete the initial training we provide. An original on-site manager or a replacement on-site manager need not have an equity interest in the franchise.

You must have any on-site manager, and any management employee or independent contractor, sign an agreement (Attachment 4 to the franchise agreement) in which he or she acknowledges the confidentiality of the COMMISSION EXPRESS system, agrees not to use any information about the COMMISSION EXPRESS system for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with your business and other franchisees' businesses.

If you are a legal entity, each principal officer of the legal entity, and each shareholder, member, partner or other beneficial owner with at least a 5% ownership interest in the legal entity, must personally guarantee your obligations under the franchise agreement, and also must agree to be personally bound by, and personally liable for breach of, every term of the franchise agreement. This guaranty is included as Attachment 2 to the franchise agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all services and products that we authorize or approve. You may not offer any services or products that we have not authorized or approved. You may use services or products not purchased from us, but those services and products must be of comparable quality and must be approved by us in writing before use to ensure maintenance of proper quality standards.

We may change the types of services and products that we approve or authorize, so long as the services and products are compatible with the COMMISSION EXPRESS system. There are no other limits on our right to make these changes.

You may provide services or products to any customers in your territory or in territories assigned to other COMMISSION EXPRESS franchisees. You may not solicit customers in territories assigned to other COMMISSION EXPRESS franchisees.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	3.1	Initial 10-year term.
(b) Renewal or extension of the term	3.2	Successive 5-year terms.
(c) Requirements for you to renew or extend	3.2	No notice from us of non-renewal for good cause, solvency, no ceasing to do business, no danger to public, no repeated defaults or misrepresentations to us, no illegal conduct, signing of then-current agreement, renewal fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
(d) Termination by you	26.4	Notice, payments current, general release.
(e) Termination by us without cause	Not applicable	Not applicable.
(f) Termination by us with cause	26.1 to 26.3	With cause and automatic termination; with cause and notice; with cause, notice and 30 days to cure.
(g) "Cause" defined-curable defaults	26.3	Failure to comply with franchise agreement or the Manuals, including: failure to pay us or our affiliates any required sum when due; failure to submit any required information when due; failure to maintain any standard, policy, procedure or specification; failure to obtain our prior written acceptance, approval or consent; misuse or unauthorized use of system or trademarks; failure to pay personal attention to business; failure to maintain books and records; failure to pay any third party (including any major supplier or taxing or licensing authority) any required sum when due; default under any other agreement with us.

Provision	Section in Franchise Agreement	Summary
(h) "Cause" defined- non-curable defaults	26.1 26.2	<u>Automatic Termination</u> General assignment for creditors, involuntary bankruptcy petition not dismissed within 60 days, filing of voluntary bankruptcy petition, adjudication of bankruptcy, court-appointed receivership, foreclosure suit not dismissed within 30 days, premises or equipment sold after levy, or conviction of crime involving moral turpitude. <u>Termination on Notice</u> Insolvency; ceasing to operate franchised business; illegal conduct; danger to public; repeated defaults; material misrepresentation; transfer, or failure to transfer, in violation of franchise agreement; violation of non-competition or confidentiality provisions; tax lien, levy or enforcement suit; failure to open for business on schedule; underpayment or under-reporting of any amount due us by 10% or more for any 3-month period; or failure to adequately service "qualified business;" failure to attain any minimum Gross Income quotas.
(i) Your obligations on termination/non-renewal	27	Fulfillment of continuing obligations under franchise agreement; de-identification; no use of system, trademarks, confidential information, materials; return of confidential information, materials; customer, employee and independent contractor lists to us; assignment of telephone number(s), email address(es), etc. to us; cancellation of any assumed name or equivalent registration; final accounting (see also (r)).
(j) Assignment of agreement by us	25.1	No restriction on our right to assign.
(k) "Transfer" by you – defined	25.2	Includes the conveyance or pledge of any interest in you (if you are a legal entity), the franchise or the franchised business.
(l) Our approval of transfer by you	25.2	We have the right to approve all transfers, our consent not to be unreasonably withheld.
(m) Conditions for our approval of transfer	25.2(b)	Compliance with franchise agreement; transferee qualification; payments current; general release; written transfer agreement; transferee's signing of then-current franchise agreement; transferee's agreement to complete training; transfer fee; no exercise of our right of first refusal; equipment updated to our then-current specifications; our consent to material terms of transfer; and subordination of obligations of transferee to transferor.
(n) Our right of first refusal to acquire your business	25.5	We can match any offer.
(o) Our option to purchase your business	Not applicable	Not applicable.

Provision	Section in Franchise Agreement	Summary
(p) Your death or disability	25.6	Franchise must be transferred to an approved person within 180 days of representative's appointment.
(q) Non-competition covenants during the term of the franchise	7, 21.2, 21.3 and 21.4(a)	No diversion of business, customers or personnel; no involvement in competing business anywhere in the U.S. or Canada.
(r) Non-competition covenants after the franchise is terminated or expires	21.3 and 21.4(b)	No diversion of personnel for 1 year; no involvement for 2 years in competing business in your territory or in the territory of any COMMISSION EXPRESS business operating or in planning at time of expiration or termination.
(s) Modification of the agreement	28.3	Both parties must agree in writing.
(t) Integration/merger clause	28.1	Only terms of franchise agreement, including its attachments are binding (subject to state law). Any representations or promises outside of this disclosure document and the franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in this disclosure document, its exhibits and amendments.
(u) Dispute resolution by arbitration or mediation	32	All disputes must be arbitrated at AAA office nearest our home office, currently Fairfax, Virginia (subject to state law).
(v) Choice of forum	32.7	Litigation of any claims not subject to arbitration in courts nearest our home office, currently Fairfax, Virginia (subject to state law).
(w) Choice of law	29.6	Virginia law applies, except the law of the state where the largest geographic portion of your territory is located applies to non-competition covenants, and except that Virginia franchise law does not apply if your territory is wholly outside of Virginia (subject to state law).

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting John Stedman, 8306 Professional Hill Drive, Fairfax, Virginia 22031, (703) 560-5500, the Federal Trade Commission and any appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

Systemwide Outlet Summary for Years 2022 to 2024

Outlet Type	Year	Outlets At Start Of Year	Outlets At End Of Year	Net Change
Franchised	2022	42	38	-4
	2023	38	39	+1
	2024	39	37	-2
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	43	39	-4
	2023	39	40	+1
	2024	40	38	-2

TABLE NO. 2

**Transfers of Outlets From Franchisees to New Owners (Other than Franchisor or an Affiliate) for
Years 2022 to 2024**

State	Year	Number Of Transfers
Florida	2022	0
	2023	1
	2024	1
Idaho	2022	1
	2023	1
	2024	0
Washington	2022	0
	2023	1
	2024	0
Total	2022	1
	2023	3
	2024	1

TABLE NO. 3

**Status of Franchised Outlets
For Years 2022 to 2024**

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
AZ	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CA	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
CO	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	1	0
CT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
FL	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	1	5
GA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
ID	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IN	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	1	0
KY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MD	2022	1	1	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MN	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NC	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
NH	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
NJ	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
NV	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NY	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
OH*	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	1	0
	2024	0	0	0	0	0	0	0
OK	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
PA	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
RI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
SC	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
TN	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TX	2022	4	0	1	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations For Other Reasons	Outlets At End Of Year
VA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
WA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	42	1	1	0	0	4	38
	2023	38	3	0	0	0	2	39
	2024	39	4	0	0	0	6	37

* A franchisee opened and closed a franchised outlet in Ohio in 2023. These transactions are accounted for by listing 1 in "Outlets Opened" and 1 in "Ceased Operations for Other Reasons."

TABLE NO. 4

**Status of Company-Owned¹ Outlets
For Years 2022 to 2024**

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Re-Acquired From Franchisees	Outlets Closed	Outlets Sold To Franchisees	Outlets At End Of Year
VA	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

¹ Commission Express, Inc., a company with many of the same shareholders as us, has operated a COMMISSION EXPRESS business from our Fairfax, Virginia headquarters office since April 1992.

TABLE NO. 5

Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened as of December 31, 2024	Projected New Franchised Outlets as of December 31, 2024 (In 2025)	Projected New Company-Owned Outlets as of December 31, 2024 (In 2025)
AZ	0	1	0
CO	0	1	0
GA	0	1	0
TX	0	1	0
Total	0	4	0

Exhibit C contains the names of all franchisees, and the addresses and telephone numbers of their outlets, as of December 31, 2024.

Exhibit D contains the name, city and state, and the business telephone number (or, if unknown, the last known home telephone number), as of December 31, 2024, of every franchisee who had an outlet terminated (0), cancelled (0), not renewed (0), or reacquired by us (0) in 2024; who ceased operations for other reasons (6) in 2024; who transferred during 2024; or who had not communicated with us within 10 weeks of the issuance date of this disclosure document (0).

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

No current or former franchisees have signed confidentiality clauses with us during our last 3 fiscal years which would restrict them from speaking openly with you about their experience with us.

We have a franchisee advisory board. Contact information is as follows: Commission Express Franchise Advisory Board, Alex Massachi, (310) 853-2274, amassachi@commissionexpress.com.

Item 21

FINANCIAL STATEMENTS

Exhibit E includes our audited financial statements for our fiscal years ended December 31, 2024, 2023 and 2022. Exhibit E also includes our unaudited financial statement as of February 28, 2025.

Item 22

CONTRACTS

Exhibit B includes the franchise agreement, state riders and attachments, as follows:

Attachment 1 - Development Territory Description, Approved Office Location, Initial Franchise/Transfer/Conversion Fee and Development Territory Designation, Minimum Gross Income Quotas, Minimum Monthly Royalty Fees and Minimum Monthly Advertising Fees

Attachment 1A – Renewal and Conversion Addendum

Attachment 2 - Guaranty Agreement

Attachment 3 - Promissory Note

Attachment 4 - Confidentiality and Non-Competition Agreement

Attachment 5 - Legal Entity Information Sheet

Attachment 6 - Transfer of Service Consent and Authorization

Attachment 7 – Sample General Release

Attachment 8 – Request for Transcript or Tax Return Consent and Authorization

Item 23

RECEIPTS

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

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

- (1) Item 3 of this disclosure document is modified to include the following paragraph:

No person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities and Exchange Act of 19934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

- (2) Item 5 of this disclosure document is modified to include the following paragraph:

The Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

- (3) Item 10 of this disclosure document is modified to state that we will not provide financing to residents of California.

- (4) Item 17 of this disclosure document is modified to include the following paragraph under the Summary column of part (m):

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

- (5) Item 17 of this disclosure document is modified to include the following paragraph under the Summary column of part (r):

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

- (6) Item 17 of this disclosure document is modified to include the following paragraph under the Summary column of part (s):

Section 3115 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) Item 17 of this disclosure document is modified to include the following paragraph under the Summary column of part (u):

The franchise agreement requires binding arbitration. The arbitration will occur at the offices of the American Arbitration Association nearest our home office, with cost being borne by the party which does not substantially prevail. You 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 the franchise agreement restricting venue to a forum outside the state of California.

(8) Item 17 of this disclosure document is modified to include the following paragraphs under the Summary column of part (w):

California Business Professional Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement requires application of the laws of the State of Virginia. This provision may not be enforceable under California law.

(9). Our website, www.commissionexpress.com, 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.

(10) 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.

(11) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

HAWAII DISCLAIMER

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in Hawaii authorized to receive service of process:

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, HI 96813

- (1) Item 1 is amended to add the following:

The name and address of our agent in this state authorized to receive service of process is the Commissioner of Securities of the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

- (2) Item 5 of this disclosure document is modified to include the following paragraph:

On request of the Commissioner of Securities of the Department of Commerce and Consumer Affairs, we have agreed to defer collection of all initial fees until we have performed all our pre-opening obligations.

- (3) Item 17, Summary column for (i) is amended to add the following:

Under Hawaii law, on termination or refusal to renew the franchise, you are entitled to be compensated for the fair market value, at the time of the termination or expiration of the franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier we designated; except that personalized materials that have no value to us need not be compensated for. If we refuse to renew the franchise for the purpose of converting your business to one we own and operate, we, in addition to the remedies described above, will compensate you for the loss of goodwill. We may deduct from the compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings under this requirement, and may offset from the compensation any moneys you owe us.

- (4) Item 20 is amended to add the following:

Registrations are effective for these franchises in the states of California, Florida, Hawaii, Illinois, Indiana, Kentucky, Michigan, Nebraska, New York, Texas, Utah, and Virginia.

Proposed registrations or filings for these franchises are or will be shortly on file in Maryland.

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

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

There are no states in which a proposed registration of these franchises has been withdrawn.

- (5) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

- (1) Item 5 of this disclosure document is modified to include the following:

We will defer all initial franchise fees owed to us by you until such time as all initial obligations owed to you have been fulfilled by us and you have started doing business. This deferral is required by the Illinois Attorney General's Office based on our financial statements.

- (2) Item 12 of this disclosure document is modified to include the following:

We reserve the right to revise territorial boundaries as often as necessary, possibly annually. Your territory is NOT EXCLUSIVE to you, and you will receive NO COMPENSATION if some other individual or entity solicits and conducts business in your territory.

- (3) Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Illinois law governs the Franchise Agreement.

If any provisions of the Franchise Agreement are inconsistent with applicable Illinois state law, then Illinois law applies. Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act is void.

Any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

- (4) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

- (1) Item 5 of this disclosure document is modified to include the following paragraph:

The Maryland Office of the Attorney General, Securities Division, requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

- (2) Item 17 of this disclosure document is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (3) Item 17 of this disclosure document, in the summary column of item (h), is modified to state that provisions allowing termination on bankruptcy may not be enforceable under federal bankruptcy law (11 U.S. C. § 101 et. seq.).
- (4) Item 17 of this disclosure document, in the summary column of item (m), is modified to state that the general release required as a condition of transfer will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.
- (5) Item 17 of this disclosure document, in the summary column of item (v), is modified to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (6) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of this disclosure document:

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought

by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

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

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

6. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 5 of this disclosure document is modified to include the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

2. Item 17(h) of this disclosure document is modified to include the additional disclosure:

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

3. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$172,600 to \$299,300. This amount exceeds the franchisor's stockholders' negative equity as of December 31, 2024, which was (\$278,577).

4. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

**STATE ADDENDUM TO DISCLOSURE DOCUMENT FOR INDIANA,
MICHIGAN, AND WISCONSIN**

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for enforcing franchise disclosure/registration laws, and state agencies serving as our agents for service of process if we are registered under the franchise disclosure/registration laws of their states.

In states and territories not listed, we do not have agents for service of process under franchise disclosure/registration laws, but we may have agents for service of process for other purposes.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (866) 275-2677	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Attn: New York Secretary of State New York Department of State 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance- Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT, STATE RIDERS AND ATTACHMENTS

FRANCHISE AGREEMENT AND ATTACHMENTS
TABLE OF CONTENTS

<u>Section Number</u>	<u>Section Heading</u>	<u>Page</u>
1.	GRANT OF FRANCHISE	1
2.	DEVELOPMENT TERRITORY.....	3
	2.1 Protected Development Territory	3
	2.2 Changes in Protected Development Territory Designation	3
	2.3 Subdivision of a Protected Development Territory	3
	2.4 Open Market Development Territory	4
	2.5 Minimum Gross Income Quotas	4
	2.6 Advertising, Promotion and Marketing Outside Your Development Territory	4
3.	TERM OF FRANCHISE	4
	3.1 Initial Term	4
	3.2 Renewal Term.....	5
4.	PERSONAL ATTENTION OF FRANCHISEE OR MANAGER TO BUSINESS.....	5
5.	ESTABLISHMENT AND MAINTENANCE OF BUSINESS.....	6
6.	CONTINUOUS OPERATION OF BUSINESS.....	7
7.	LIMITATIONS ON ACTIVITIES OF BUSINESS	7
8.	PRICES CHARGED BY BUSINESS	8
9.	FEES PAYABLE TO CEN	8
	9.1 Initial Franchise Fee and Conversion Fee.....	8
	9.2 Royalty	8
	9.3 Advertising Fee.....	9
	9.4 Regional Cooperative Advertising.....	9
	9.5 Training Fee	9
	9.6 Conference Fee	9
	9.7 Audit Fee.....	9
	9.8 Renewal Fee.....	9
	9.9 Transfer Fee	9
	9.10 Late Fee and Interest.....	9
	9.11 Gross Income	9
	9.12 Withholding of Sums Payable	9
	9.13 Equipment, Supplies or Supplier Testing or Inspection, and Grant or Approval of Equipment, Supplies or Suppliers	10
	9.14 Replacement Copy of Confidential Operations Manual.....	10
	9.15 Proprietary Computer Software Upgrade and Support Fee	10
	9.16 Payment Methods and Conditions	10

FRANCHISE AGREEMENT AND ATTACHMENTS
TABLE OF CONTENTS

10.	SERVICES AND PRODUCTS FURNISHED BY CEN	10
11.	TRAINING	11
12.	MANUALS.....	13
13.	ACCOUNTING PROCEDURES	13
14.	EQUIPMENT, SOFTWARE, SUPPLIES, PRODUCTS AND SERVICES	14
15.	DESIGN AND APPEARANCE OF BUSINESS	16
16.	ADVERTISING AND PROMOTION	16
	16.4 Local Advertising Requirement.....	18
	16.5 Use and Approval of Advertising Materials	19
17.	INSURANCE.....	19
18.	LEGAL COMPLIANCE, TAXES, LICENSES, UTILITIES AND OTHER OBLIGATIONS.....	20
19.	PROPRIETARY MARKS	21
20.	TRADE SECRETS AND CONFIDENTIAL INFORMATION	22
21.	NON-COMPETITION	23
22.	INSPECTION BY CEN.....	25
23.	FRANCHISEE AS INDEPENDENT CONTRACTOR.....	25
	23.1 Relationship of Parties.....	25
	23.2 Notices to Public, Etc.....	26
	23.3 Statements to and Acknowledgements by Employees.....	26
	23.4 Contracts, Etc.....	27
24.	INDEMNIFICATION.....	27
25.	TRANSFERS OF INTEREST	28
	25.1 Transfer by CEN.....	28
	25.2 Transfer by Franchisee.....	28
	25.3 Transfer to Franchisee’s Legal Entity.....	30
	25.4 Transfer and Issuance of Securities	30
	25.5 CEN’s Right of First Refusal.....	30
	25.6 Transfer On Death, Permanent Incapacity or Dissolution	31
	25.7 Non-Waiver of Claims.....	32
26.	DEFAULT AND TERMINATION	32
	26.1 Automatic Termination.....	32
	26.2 Termination Upon Notice	32
	26.3 Termination After Notice and 30-Day Opportunity to Cure	33

FRANCHISE AGREEMENT AND ATTACHMENTS
TABLE OF CONTENTS

26.4	Termination Without Cause by Franchisee.....	34
27.	OBLIGATIONS ON REPURCHASE, EXPIRATION OR TERMINATION.....	34
28.	ENTIRE AGREEMENT; EXECUTION DATE; MODIFICATION.....	35
29.	INTERPRETATION.....	36
30.	PARTIAL INVALIDITY	36
31.	WAIVER AND ESTOPPEL.....	36
32.	ARBITRATION; ENFORCEMENT.....	37
33.	NOTICES.....	38
34.	ACCEPTANCES, APPROVALS AND CONSENTS	38
35.	ACKNOWLEDGEMENTS BY FRANCHISEE.....	38

State Riders to Franchise Agreement

Attachments

- 1 - Development Territory Description, Approved Office Location, Initial Franchise/Transfer/Conversion Fee and Development Territory Designation, Minimum Gross Income Quotas, Minimum Monthly Royalty Fees and Minimum Monthly Advertising Fees
- 1A- Renewal and Conversion Addendum
- 2 - Guaranty Agreement
- 3 - Promissory Note
- 4 - Confidentiality and Non-Competition Agreement
- 5 - Legal Entity Information Sheet
- 6 - Transfer of Service Consent and Authorization
- 7 - Sample General Release
- 8 - Request for Transcript or Tax Return Consent and Authorization

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into by COMMISSION EXPRESS NATIONAL, INC., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____

(“you” or “your”).

RECITALS

A. We have expended time, skill, money and effort to develop a system for establishing and operating COMMISSION EXPRESS® businesses which purchase accounts receivable from real estate salespeople in the form of pending real estate sales commissions (the “System”).

B. We also have expended time, skill, money and effort in publicizing the System and the services and products offered under the System. We have developed and will continue to develop valuable goodwill in the service mark, trademark and trade name COMMISSION EXPRESS, and in its trade dress; and have or may develop or acquire other service marks, trademarks, trade names and trade dresses for use under the System, all of which marks, names and dresses are or will be our sole property (the “Marks”).

C. We franchise others to use the System and the Marks, and provide to you continuing advice on the establishment and operation of COMMISSION EXPRESS businesses.

D. You desire to establish and operate a COMMISSION EXPRESS business, to use the Marks and all other elements of the System, and to derive the benefits of the System as developed by us. You acknowledge that it is essential to the maintenance of the high standards which the public has come to expect of COMMISSION EXPRESS services and products, and to the preservation of the integrity and goodwill of the Marks, that you adhere to the standards for the establishment and operation of COMMISSION EXPRESS businesses.

In consideration of the recitals above and of the terms below, we and you agree:

1. GRANT OF FRANCHISE

1.1 Subject to the terms of this Agreement, we grant to you the right, and you accept and undertake the duty, to establish and operate a COMMISSION EXPRESS business (“Franchised Business”) using the System and Marks (“Franchise”). The Franchise is for:

a COMMISSION EXPRESS business with a protected Development Territory (“Development Territory”); or

a COMMISSION EXPRESS business with an open market Development Territory.

1.2 The Franchise includes the right and obligation to market the service of purchasing accounts receivable from real estate salespeople.

1.3 The Franchise includes the right and obligation to use the complete System, as it exists or may be supplemented or modified, during the term of the Franchise. You

acknowledge that the System will continue to evolve in order to reflect changing market conditions and to meet new and changing consumer demands, and that variations and additions to the System may be required in order to preserve and enhance the public image of the System and to ensure the continuing operational efficiency of COMMISSION EXPRESS businesses generally. Accordingly, you agree that we may, on notice and acting reasonably, add to, modify and change the System, including the adoption and use of new and modified service marks, trademarks, trade names, trade dresses, equipment, techniques and methodologies relating to the preparation, marketing, promotion and sale of COMMISSION EXPRESS services and products, but any modifications or changes may not unreasonably increase your obligations under this Agreement or place an excessive economic burden on the Franchised Business. You further agree to promptly accept, implement, use and display in the operation of the Franchised Business all of those additions, modifications and changes at your expense.

1.4 You expressly understand and agree that for either type of Development Territory, protected or open market, you do not have the right to do business with any particular customer, and that a customer may choose to do business with any franchisee. Also, we, in our sole discretion, have the right to:

(a) Operate (outright, or through contracts, joint ventures or otherwise) businesses (including COMMISSION EXPRESS businesses) anywhere outside your Development Territory, including in any adjacent territory;

(b) Grant others the right to operate businesses (including COMMISSION EXPRESS businesses) anywhere outside your Development Territory, including in any adjacent territory;

(c) Develop and promote the System, or other systems involving dissimilar services or products, inside or outside your Development Territory, under the same or different service marks, trademarks or trade names, without granting you any rights in those systems;

(d) Contact international, national or regional real estate companies with headquarters or locations in your Development Territory for any purpose, including the purpose of promoting the use, or the increased use, of COMMISSION EXPRESS programs marketed by us or our franchisees;

(e) Offer and sell COMMISSION EXPRESS franchises for other territories to prospects located in your Development Territory; and

(f) Survey or contact customers in the territory about their satisfaction or complaints, and resolve any customer complaints.

1.5 We agree that, for a COMMISSION EXPRESS business with a protected Development Territory, as long as this Agreement is in effect, we will not operate, or grant any other person the right to operate, inside your Development Territory, a business marketing the service of purchasing accounts receivable from real estate salespeople, under the same or different service marks, trademarks or trade names.

1.6 You expressly understand and agree that for an open market Development Territory, we, in our sole discretion, have the right to:

(a) Develop and promote the System as well as other systems involving similar or dissimilar services or products, inside or outside your Development Territory, under the same or different service marks, trademarks or trade names, without granting you any rights in those systems;

(b) Offer and sell other open market Development Territory COMMISSION EXPRESS franchises inside your Development Territory.

2. DEVELOPMENT TERRITORY

2.1 Protected Development Territory. We designate a protected Development Territory as Small, Medium or Large, based on average monthly residential real estate sales, using data from local Multiple Listing Services (“MLS”), real estate associations or other reliable real estate industry data. You are granted the non-exclusive right to use the Marks in the Development Territory defined in Attachment 1 or 1A, which includes the initial designation. You must use your best efforts to solicit business in the Development Territory for COMMISSION EXPRESS programs, and to locate, train and supervise sufficient numbers of employees and independent contractors to provide requested COMMISSION EXPRESS services and products in the Development Territory. During the term of the Franchise, you may apply, in our sole discretion, to convert your Development Territory from protected to open market in accordance with Section 9.1(b).

2.2 Changes in Protected Development Territory Designation. We may change the designation of a protected Development Territory based on the annual changes in average monthly residential real estate sales. We may change the designation as often as appropriate during the term of the Franchise, but may not change it more than once each calendar year. Generally, at the beginning of each calendar year, we will determine the average monthly residential real estate sales in your protected Development Territory based on information that we obtain from your local MLS, real estate associations or other reliable real estate industry data for the prior calendar year, and notify you of any change in designation as outlined in the Confidential Operations Manual. A change in designation of your protected Development Territory will begin on the first day of the next Franchise year. A change in designation could result in your protected Development Territory designation being larger or smaller than the previous designation. Also, we may re-designate your protected Development Territory on renewal to conform to our then-current standards.

2.3 Subdivision of a Protected Development Territory. If there has been an increase in average monthly residential real estate sales in any calendar year during the term of the franchise that results in a Development Territory that exceeds our definition of a Large Development Territory, we may subdivide your Development Territory. If we notify you of a subdivision of your existing Development Territory through the process outlined in the Confidential Operations Manual, we will provide a new Attachment 1 to this Agreement with a modified Development Territory description and designation for the existing Development Territory. You must execute our then-current form of franchise agreement for the newly described Development Territory (or Development Territories, as the case may be); provided, however, that you will not be required to pay an initial franchise fee under the new franchise agreement (or agreements, if needed). If you fail to execute the new franchise agreement(s) for the newly described Development Territory(ies) within 30 days after your receipt of the new franchise agreement(s), we may terminate your rights to the newly-described Development Territory(ies).

Each Development Territory will thereafter be subject to separate reporting requirements, minimum quotas and other obligations, as stated in each franchise agreement.

2.4 Open Market Development Territory. We designate an open market Development Territory as Medium or Large, based on average monthly residential real estate sales, using data from local MLS, real estate associations or other reliable real estate industry data. The franchises in an open market Development Territory, when granted, will not to exceed 1 franchise for every 1,000 (or any part thereof) monthly residential real estate sales in the Development Territory. You are granted the non-exclusive right to use the Marks in the Development Territory defined in Attachment 1 or 1A. You must use your best efforts to solicit business in the Development Territory for COMMISSION EXPRESS programs, and to locate, train and supervise sufficient numbers of employees and independent contractors to provide requested COMMISSION EXPRESS services and products in the Development Territory. During the term of the Franchise, you may apply, in our sole discretion, to convert your Development Territory from open market to protected in accordance with Section 9.1(b).

2.5 Minimum Gross Income Quotas. For either type of Franchise, you must achieve the minimum franchise year Gross Income quotas as shown in Attachment 1 or 1A in your Development Territory, based on the type of Franchise (protected or open market), the applicable designation (Small, Medium or Large) and Year of Franchise as shown on Attachment 1 or 1A. If, during the term of the Franchise, the designation of your protected Development Territory is changed under Section 2.2 of this Agreement or otherwise, you must achieve the minimum Gross Income quota for the new designation. If, during the term of the Franchise, your protected Development Territory is subdivided as specified in Section 2.3 of this Agreement, you must achieve the minimum Gross Income quota associated with each Development Territory described in each franchise agreement. See also Section 9.2(a) regarding the monthly minimum royalty fee. “Minimum Gross Income Quotas” are for years of the franchise, based on the franchise award date (which is the date we sign the franchise agreement) or transfer date of the franchise, rather than for calendar years.

2.6 Advertising, Promotion and Marketing Outside Your Development Territory. For either type of Franchise, you must restrict your COMMISSION EXPRESS customer solicitation, advertising, promotion and marketing (including direct mailings, personal visits, leaflets and localized signs) to your Development Territory, to the extent reasonably possible. In this regard, we recognize that it may not be reasonably possible for you to restrict certain advertising, such as advertising in an important local or regional newspaper or magazine with a significant portion of its circulation in your Development Territory. If you have serviced customers in a territory (other than your Development Territory) that is later granted to another franchisee, you may continue to service those customers at their request, but must refrain from the solicitation of those customers or any other customers in that territory. See also Section 16.1 regarding the minimum monthly advertising fee.

3. TERM OF FRANCHISE

3.1 Initial Term. The Franchise will begin on the date we execute this Agreement and will continue for an initial term of 10 years unless sooner terminated under Section 26.

3.2 Renewal Term. You will have the right to renew the Franchise for successive 5-year terms, if:

(a) We have not given you, at least 180 days before the expiration of the prior term, written notice of our intention not to renew the Franchise:

(i) for good cause, including the failure of you to cure any material default noticed under Section 26;

(ii) because we are withdrawing from the Development Territory and/or are withdrawing from franchising in the Development Territory;

(iii) because we are exercising any then-current right to purchase the Franchised Business; or

(iv) because we are permitting you, during the 180 days before the expiration of the prior term, to transfer the Franchised Business to a transferee meeting our then-current qualifications and requirements.

(b) You are solvent (are able to pay your debts as they come due and have assets that are greater than your debts), have not abandoned the Franchised Business, are not operating the Franchised Business in a manner that endangers public health or safety, have not repeatedly committed defaults of this Agreement during the prior term which have been noticed by us, have not repeatedly failed to submit timely reports to us during the prior term, and have not repeatedly submitted false or incomplete reports to us during the prior term;

(c) You, or any of your principal officers, shareholders, members or partners (“principals”), if you are a corporation, partnership, limited liability company or other legal entity (“legal entity”), have not been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our sole and absolute judgment, to have an adverse effect on the Marks, the System, the goodwill associated with the Marks or System, or our interest in the Marks or System; and

(d) You have executed our then-current standard franchise agreement and paid the renewal fee specified in Section 9.8. In addition to not granting any additional renewal rights beyond those granted in this Agreement, the then-current franchise agreement may contain terms materially different from those in this Agreement, including different royalty fees, advertising fees, training requirements and minimum Gross Income quotas. We may also adjust the Development Territory to conform to our then-current territory designations, generally under the terms and conditions stated in Section 2.2 of this Agreement.

4. PERSONAL ATTENTION OF FRANCHISEE OR MANAGER TO BUSINESS

4.1 You (or if you are not an individual, your managing shareholder, member or partner), or a Manager who has successfully completed our required training, must personally manage the Franchised Business at all times in accordance with the Manuals. If you are licensed to operate in more than 1 Development Territory, you must have a trained Manager in each Development Territory, but you are not required to open and maintain a professional office in each Development Territory. See Section 11.2 (a) and (b) for training requirements.

4.2 You understand and agree that the Franchised Business will require the personal, continued and full-time attention of you (or if you are not an individual, your managing shareholder, member or partner), or your Manager. You acknowledge that the personal, continued and full-time attention of you, a managing shareholder, member or partner, or your Manager will include, at a minimum: a) availability during normal and peak business periods; b) participation in the development and implementation of management and operational policies; c) involvement in the training and supervision of employees and independent contractors to ensure that the System is followed; and d) such other terms and conditions as periodically specified in the Manuals.

5. ESTABLISHMENT AND MAINTENANCE OF BUSINESS

5.1 Regarding the establishment of the Franchised Business:

(a) You agree to establish the Franchised Business within 90 days after execution of this Agreement with a protected Development Territory or within 45 days after execution of this Agreement with an open market Development Territory, or on completion of initial training, whichever occurs first, and to maintain the Franchised Business continuously after that time; but if you are delayed in establishing the Franchised Business because of reasons beyond your control, you will provide us with a written request for approval of the delay. The request will state: 1) that a delay is anticipated; 2) the reasons which have caused the delay; 3) the efforts you are making to comply; and 4) an anticipated date to comply. In considering the request, we will not unreasonably withhold our consent to approve a delay, up to a maximum of 60 days, if you have been diligently pursuing the establishment of the Franchised Business.

(b) While you are permitted a timeframe following the execution of this Agreement within which to establish the Franchised Business, you are best prepared and are encouraged to commence doing business as soon as possible after completion of initial training. At that time, we will have completed all of our initial pre-opening obligations to you, and you can commence doing business immediately. For that reason, you agree to utilize the time after execution of this Agreement to complete as many of the requirements called for in Sections 5.2 and 5.3 as practicable before you attend initial training.

5.2 If you desire to open and maintain a professional office within the Development Territory, you will be responsible for:

- (a) Obtaining our prior written consent to the location of the office;
- (b) Obtaining our prior written consent to any lease or purchase agreement for the office;
- (c) Conforming the office to applicable building code requirements and to our specifications, as modified by you with our prior written consent to fit the particular site;
- (d) Securing all permits and licenses necessary for the establishment and operation of the office; and
- (e) Obtaining our prior written approval of any plans for office construction or equipment installation, or of any deviations from the plans, to ensure that the plans or deviations conform to our specifications.

5.3 Establishing and maintaining the Franchised Business under Section 5.1 will involve at least all of the following:

- (a) Securing all permits and licenses necessary for the establishment and operation of the business;
- (b) Securing adequate telephone service for use in the business and a COMMISSION EXPRESS telephone information listing. No other business will be transacted or advertised using any telephone number assigned to the business;
- (c) Securing a telephone answering service for the business during both business and non-business hours;
- (d) Having sufficient staff and equipment available to provide requested services and products in the Development Territory in accordance with the Manuals; and
- (e) Using best efforts to obtain initial customers for COMMISSION EXPRESS programs.

5.4 We may have obtained, at our expense and for our benefit, advice from an attorney licensed to practice law in your state about the laws in your state applicable to the factoring of real estate commissions. You acknowledge that we have made copies of that advice available to you on written request. You further acknowledge that it may be advisable or necessary for you to retain, at your own expense, an attorney to ensure that you can comply with all applicable laws of each jurisdiction in which you will operate the Franchised Business. The attorney should be licensed to practice law in all jurisdictions in which you will operate. If your attorney finds that you cannot comply with any applicable law, and if you promptly notify us, we will make reasonable efforts to resolve the matter before you open the Franchised Business. Neither you nor your attorney may make any changes to this Agreement or other operational documents unless we have approved the changes in advance.

6. CONTINUOUS OPERATION OF BUSINESS

6.1 You must operate the Franchised Business on a continuous full-time basis throughout the year, and must be open for business each week for the minimum hours and minimum days specified in the Confidential Operations Manual.

6.2 You agree that adequate servicing of your Development Territory is critical to the goodwill of the System. In order to maintain this goodwill, you agree to maintain a sufficient capital pool to adequately service all available business. We may terminate your Franchise if potential customers in your Development Territory repeatedly inform us that you are not available for service during normal business hours, or we are repeatedly informed that you are insufficiently capitalized to service all potential customers in your Development Territory.

7. LIMITATIONS ON ACTIVITIES OF BUSINESS

7.1 In order to preserve the System and the identification of COMMISSION EXPRESS businesses operating under the Marks, you agree that the Franchised Business will not engage in activities other than those approved under the System. You further agree that you must obtain our prior written consent to offer any services or sell any products other than those approved

under the System. You or your legal entity's activities must be confined exclusively to operating the Franchised Business.

7.2 You may not engage in any deceptive or unfair trade practice or other activity, or offer any service or product which is harmful to the goodwill or reputation of you, us, our franchisees generally, the System or the Marks.

8. PRICES CHARGED BY BUSINESS

8.1 You will have the right to offer and sell services and products at any prices you may determine. If we recommend prices, the recommendations are non-mandatory, and the prices are in no way binding on you.

9. FEES PAYABLE TO CEN

9.1 Initial Franchise Fee and Conversion Fee.

(a) Initial Franchise Fee. If this Agreement is not being executed as part of a renewal, transfer or conversion of the Franchise, you must pay us, on execution, an initial franchisee fee as specified on Attachment 1, based on the type of franchise you choose and the designation of your Development Territory. Except as specified below, the fee or any portion of the fee is non-refundable and fully earned by us when paid. If, before the successful completion of your initial training, we, in our sole and absolute right, decide that you should not operate a COMMISSION EXPRESS business, we may cancel this Agreement. If we cancel this Agreement, we will refund the initial franchise fee less a \$5,000 cancellation fee, if you agree to terms substantially similar to those in Sections 19.1, 19.9, 20, 21.3, 21.4(b), 21.5-21.8, 27.1-27.2, and 32.

(b) Conversion Fee. During the term of this Agreement, you may apply to change the type of your franchise. If we agree, in our sole discretion, to allow the change in the type of your franchise:

(1) Conversion from Protected to Open Market. You must meet our then-current standards for an open market Development Territory, as determined in our sole discretion, sign a new Attachment 1 or 1A to the franchise agreement and pay us, on execution, a conversion fee of \$5,000.

(2) Conversion from Open Market to Protected. You must meet our then-current standards for a protected Development Territory, as determined in our sole discretion; provide proof of adequate capitalization; submit a business plan for the protected Development Territory; submit a site plan for any proposed professional office; sign a new Attachment 1 or 1A to the franchise agreement; and pay us, on execution, a conversion fee of \$5,000, plus the difference between the initial franchise fee you paid and the then-current initial franchise fee for the protected Development Territory.

9.2 Royalty Fee. You must pay us a royalty fee of 9% of calendar year annual Gross Income (as defined in Section 9.11) up to \$300,000, 4 ½ % of annual Gross Income from \$300,001 to \$600,000, and 1% of annual Gross Income over \$600,000 in the following manner:

(a) No royalty fee is due for the 1st 3 months after you commence business in accordance with Section 5.1 of this Agreement. Thereafter, the fee is subject to a monthly

minimum as specified on Attachment 1 or 1A, based on the type of franchise, year of franchise and the designation of your Development Territory. See also Section 2.5 regarding minimum Gross Income quotas.

(b) The royalty fee is due and payable by the 10th day of each month for the preceding month, and begins to accrue 3 months after you commence business in accordance with Section 5.1 of this Agreement.

(c) Each payment of the royalty fee must be accompanied by a report in the form specified in the Confidential Operations Manual.

9.3 Advertising Fee. See Section 16 and Attachment 1.

9.4 Regional Cooperative Advertising. See Section 16.3.

9.5 Training Fee. See Sections 11.2(b) and (c), 11.4 and 11.5.

9.6 Conference Fee. See Section 11.2(c).

9.7 Audit Fee. See Section 13.7.

9.8 Renewal Fee. If this Agreement is being executed as part of a renewal of the Franchise, in lieu of paying the initial franchise fee specified in Section 9.1, you must pay to us on execution a renewal fee equal to 5% of our then-current initial franchise fee, as specified on Attachment 1A, based on the type of franchise and the designation of your Development Territory. This fee will be non-refundable and fully earned by us when paid.

9.9 Transfer Fee. See Section 25.2(b)(viii).

9.10 Late Fee and Interest. If any report required to be submitted by you to us or any amount required to be paid by you to us under this Agreement is not actually received by us by the due date, we may assess a late fee of \$100. If any sum required to be paid by you to us under this Agreement is not actually received by us by the due date, that sum will bear interest calculated daily after the due date until paid at the lesser of a rate equal to 1.5% of the monthly balance of principal or the highest rate of interest allowed by law. Any payment received toward an overdue sum will first be applied to the interest due and will be applied to the overdue sum only after all outstanding interest is paid. Late fees and interest will be in addition to any other rights or remedies that we may have under this Agreement or otherwise. Regardless of any designation by you, we, in our sole and absolute right, may apply any payments by you to any of your past due indebtedness to us or our affiliates. See also Section 13.7.

9.11 Gross Income. For purposes of this Agreement, “Gross Income” includes all fee discount redemptions, interest on defaulted receivables and miscellaneous receipts of the Franchised Business and the value of all services or products received, for services provided or products sold, whether for cash or barter, or on a charge, credit or time basis. “Gross Income” does not include redeemed advances and holdbacks returned to customers.

For purposes of calculating royalty fees, annual Gross Income is based on a calendar year (January 1 to December 31).

9.12 Withholding of Sums Payable. You agree that you will not, on grounds of the alleged non-performance by us of any of our obligations under this Agreement, withhold

payment of any fee or other sum payable to us under this Agreement, or of any other sum payable to us or our affiliated companies.

9.13 Equipment, Supplies or Supplier Testing or Inspection, and Grant or Approval of Equipment, Supplies or Suppliers. See Section 14.2.

9.14 Replacement Copy of Confidential Operations Manual. \$100.

9.15 Proprietary Computer Software Upgrade and Support Fee. After the 1st year of the Franchise, you must pay an annual fee to us for upgrading and supporting the proprietary computer software that we provide to you for use in operating the Franchised Business. The annual fee ranges from \$500 to \$800 (it was \$587.40 in 2025).

9.16 Payment Methods and Conditions. You generally must pay us by check. However, if you do not pay us according to your agreements, we may, in our sole discretion, require you to pay us by pre-authorized transfers from your operating account through the use of special checks or electronic fund transfers. Within 10 days of our request, you will give your financial institution instructions in a form we provide or approve and will obtain the financial institution's agreement to follow these instructions. You will provide us with copies of these instructions and agreement. The financial institution's agreement may not be withdrawn or modified without our written approval and approval is in our sole discretion. You will also sign all other forms for funds transfer as we or the financial institution request. You agree to cooperate with us in maintaining the efficient operation of the payment system, including depositing all Gross Income you receive in your operating account within 3 business days of receipt. You will pay all charges imposed by your financial institution. We will pay the charges imposed by our financial institution.

9.17 Fee Increases. Regarding any fee referenced in this Agreement which "currently" is a specified amount, or regarding any "then-current" fee referenced in this Agreement, we may increase such fee to the extent that a third-party supplier increases its charges (if the fee covers such supplier's charges), and/or our personnel compensation or benefit costs increase, and/or we determine that products or services not previously provided are required to be provided.

10. SERVICES AND PRODUCTS FURNISHED BY CEN

10.1 During the term of the Franchise, we will provide the following:

(a) At no charge to you beyond the initial franchise fee, within 30 days of the execution of this Agreement, our initial packet of materials for establishing a COMMISSION EXPRESS business;

(b) Training programs and assistance as described in Section 11;

(c) The Confidential Operations Manual, Confidential Software Manual, and other manuals and materials that have been or may be developed by us ("Manuals"), as described in Section 12;

(d) Updates to the Manuals as described in Section 12;

(e) Specifications for fixtures, equipment, inventory, supplies and services used under the System, as described in Section 14;

(f) Samples of initial advertising and promotional materials (ads, brochures, etc.), and assistance in implementing an initial advertising and promotional program;

(g) Periodic efforts to report improvements in the System to you as they may be developed or acquired by us in our sole and absolute right;

(h) Continuing assistance by telephone, electronic mail, voice mail, facsimile, mail, newsletters or other methods, that we, in our sole and absolute right, deem reasonable under the circumstances; and

(i) Catalogs and other materials, other than the Manuals, which we, in our sole and absolute judgment, may select.

10.2 If requested by you, we will furnish additional guidance and assistance relative to the operation of the Franchised Business, other than continuing assistance provided at no charge, at a per diem fee established by us (currently \$1,000 per person per day). If special training of management personnel or other assistance in operating the Franchised Business is requested by you, and must take place at the location of the Franchised Business, all expenses for training, including our then-current per diem fee (currently \$1,000 per person per day), and all actual and reasonable transportation, meal and lodging expenses incurred by our personnel supplying the additional assistance, will be paid by you.

10.3 We may maintain a proprietary website or websites on the Internet or any comparable electronic network of computers to operate, advertise and promote the System, and services and products marketed by us and our franchisees. Any representations and warranties of any kind whatsoever, express or implied, regarding our website(s), including representations and warranties as to the operation, functionality, lack of interruption or resources of our website(s), are expressly excluded. Without limiting the foregoing, we disclaim any implied warranties of merchantability and fitness for a particular purpose as to our website(s). As to any malfunctioning of our website(s), we will not be liable to you for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if you have advised us that such damages are possible as a result of any breach of warranty or malfunction. You must maintain a landing page for the Franchised Business on our proprietary website (see Section 14.1(c) of this Agreement). You may not revise the contents of your landing page or establish your own website(s) or domain name(s) without our prior approval, and you may not use social media without our prior approval (see Section 16.5 of this Agreement).

10.4 Our obligations under this Agreement are to you. No other person or entity, directly, indirectly or by subrogation, may rely on, enforce or obtain relief under this Agreement for any default by us.

11. TRAINING

11.1 You and your employees and independent contractors must maintain the standards of skill, efficiency and quality associated with the System.

11.2 To assist you in establishing and maintaining those standards, we will provide training as follows:

(a) For your first Development Territory, we will provide you (or if you are not an individual, your managing shareholder, member or partner) and your original Manager, if any, initial training for the operation of the Franchised Business, at a location designated by us. Initial training will be of about 5 days' duration. You (or if you are not an individual, your managing shareholder, member or partner) and your original Manager, if any, must successfully complete initial training to our satisfaction before opening the Franchised Business. We will bear the cost of providing initial training, including the cost of basic materials, but you must bear the cost of trainees' wages and benefits, and trainees' travel, lodging and meal expenses.

(b) For each additional Development Territory after your first, your original Manager of a protected Development Territory must successfully complete initial training by us at a location designated by us, and your original Manager for an open market Development Territory must successfully complete initial training by you at a location designated by you. If the original or any replacement Manager leaves your employ, a replacement Manager for a protected Development Territory must successfully complete initial training by us at a location designated by us, and a replacement Manager for an open market Development Territory must successfully complete initial training by you at a location designated by you. You must bear the cost of the replacement Manager's wages and benefits, and travel, lodging, and meal expenses. If we must provide initial training to a replacement Manager within 2 years of initial training of a prior Manager, you must pay us our then-current training fee as to that initial training (currently \$5,000).

(c) We may conduct an annual conference for our franchisees to discuss and review new business, marketing and technology ideas and concepts. The conference may be held on a regional, national or international basis. We will provide you with notice of the time and place of the conference, which we will determine. You (or if you are not an individual, your principal operating officer or partner) or your Manager must attend the conference, and neither you nor your Manager may represent more than 1 franchise if you are licensed to operate in more than 1 Development Territory. If you or your Manager fail to attend at least 2 of the 3 previous conferences, it constitutes a material default under Section 26.2(q). We may charge you, and you must pay to us, for each of your representatives attending the conference, a non-refundable conference fee equal to the approximate out-of-pocket cost on a pro-rata basis of holding the conference. We may charge you, and you must pay to us, the conference fee whether or not you attend, or send an attendee to, the conference. You are responsible for all travel, lodging and meal expenses of your attendees at the conference, as well as all wages and benefits of your attendees.

11.3 Except as otherwise stated in this Section 11, you are responsible for training your employees and independent contractors.

11.4 If our trainers are requested by you to give any initial, remedial or follow-up training at your location, you must pay us our then-current per diem fee for personnel (currently \$1,000 per person per day), and must reimburse us for the actual and reasonable travel, lodging and meal expenses of the trainers.

11.5 We may require you to make reservations for trainees or attendees in advance of any training or conference. We may require deposits for the reservations (currently \$1,000 per reservation) (which may be refunded or, in our sole and absolute right, applied toward training or conference fees), and may charge cancellation fees if the reservations are cancelled (currently \$1,000 per cancellation).

12. MANUALS

12.1 We have developed copyrighted Manuals (including the Confidential Operations Manual, Confidential Software Manual, and other manuals and materials that have been or may be developed by us) containing both mandatory standards, policies, procedures and specifications, and non-mandatory guidelines and recommendations, applicable to the System. The Manuals are and will remain our exclusive property, and are merely loaned to you for the term of the Franchise. In order to protect our reputation and goodwill, and the reputation and goodwill of the System and the Marks, you must operate the Franchised Business in strict conformance with the Manuals.

12.2 You acknowledge that the System may be modified by us, and that modifications to the System may require modifications to the Manuals, as long as those modifications do not unreasonably increase your obligations under this Agreement or place excessive economic burdens on the Franchised Business. You agree to operate the Franchised Business in strict conformance with any modifications to the Manuals. Modifications will be effective on receipt by you, unless otherwise stated by us.

12.3 The mandatory standards, policies, procedures and specifications applicable to the System in the Manuals, and any modifications of those standards, policies, procedures and specifications that are made by us, constitute provisions of this Agreement as if fully set forth in this Agreement. All references in this Agreement to the Manuals mean the mandatory standards, policies, procedures and specifications, and all modifications thereof, as of the time they are in effect.

12.4 You must at all times ensure that your copies of the Manuals are up-to-date and kept in a secure place. If there is any dispute as to the content of the Manuals, the master copies of the Manuals maintained at our headquarters will be controlling.

12.5 You must treat the Manuals, which are loaned to you and designated as “Confidential,” and the information in those Manuals, as confidential, and must take all reasonable precautions to maintain the Manuals’ confidentiality. You may not, without our prior written consent, copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make the same available to any person who is not bound by the confidentiality terms of this Agreement or who has not signed a separate Confidentiality and Non-Competition Agreement (see Section 20.2 and Attachment 4).

13. ACCOUNTING PROCEDURES

13.1 You must use computerized record keeping and accounting systems as prescribed by us. If you are licensed to operate in more than 1 Development Territory, you must maintain a separate set of records and accountings for each Development Territory.

13.2 You recognize the importance of financial and statistical analysis, and agree to provide us with monthly sales reports (by the 10th of each month for the preceding month) in the forms prescribed in the Manuals. All financial information provided by you to us must be prepared in accordance with accounting methods acceptable to us, consistently applied.

13.3 You must provide us annually, within 45 days after your fiscal year end, with a statement of revenue, expenses and income (or loss) for the year, and a statement of assets and liabilities as of the end of the year, which statements must be prepared in accordance with

accounting methods acceptable to us, consistently applied. At our option, we may require this statement to be prepared by an independent certified public accountant in accordance with the standards for a compilation or review. Within 4 months after your fiscal year end, you must provide us with copies of all tax returns filed by you as to the Franchised Business, including federal and state income tax returns. Unless we permit otherwise, your fiscal year must correspond to the calendar year.

13.4 You must submit to us any other financial or statistical reports, records, statements or information that we may reasonably deem to be required or desirable, in the forms and at the times and places reasonably specified by us, in the Manuals or otherwise in writing. On the execution of this Agreement, you will sign a consent and authorization authorizing us to obtain a copy or a transcript of your tax return for the Franchised Business (Attachment 8).

13.5 All financial or statistical information provided by you to us must be accurate and correct in all material respects.

13.6 We will have the right to use any financial or statistical information provided by you as we deem appropriate. We will not identify you as the source of that information, and will not disclose any information shown in any of your tax returns (other than information disclosed in other documents submitted to us) except: (i) with your permission; (ii) as required by law or compulsory order; or (iii) in connection with audits or collections under this Agreement.

13.7 We or our designated agents will have the right, at all reasonable times, to examine copy and audit the Franchised Business's books, records and tax returns. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest calculated daily from the due date until paid at the lesser of a rate equal to 1.5% of the monthly balance of principal or the highest rate of interest allowed by law. If an examination or audit discloses an underpayment or understatement of any amount due us by 3% or more for any 3-month period, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, you must, in addition, reimburse us for the cost of having your books examined or audited. If an examination or audit discloses an underpayment or understatement of any amount due us by 10% or more for any 3-month period, we will have the right to terminate the Franchise under Section 26.2 (n). These rights and remedies will be in addition to any other rights or remedies we may have under this Agreement or otherwise.

13.8 During and after the term of the Franchise, you must maintain and preserve all books, records and accounts of the Franchised Business for at least 5 years after the close of the fiscal year to which the books, records and accounts relate.

14. EQUIPMENT, SOFTWARE, SUPPLIES, PRODUCTS AND SERVICES

14.1 You may purchase your equipment, software, supplies, products and services from whomever you decide, except that:

(a) You must subscribe to an on-line computer network as prescribed by us.

(b) You must use equipment, software, supplies, products and services which meet specifications prescribed by us in the Manuals. The purpose of these specifications is to protect and maintain the goodwill of the System and the Marks. To the extent that any required

software supports modules for personnel-related functions, such as employee timekeeping, employee scheduling or payroll processing, you will have the option to use those modules, to use alternate software to handle those functions, or to handle those functions in any other manner that you choose.

(c) You must use our proprietary Internet-based computer software, and you must use our proprietary website(s) and no other website(s) or domain name(s), in the operation of the Franchised Business (see Section 10.3 of this Agreement.) To ensure compliance with data security and privacy laws, you may only accept online applications for commission advances originated on and submitted from our proprietary website(s). To the extent that our proprietary software and website(s) support modules for personnel-related functions, such as employee timekeeping, employee scheduling or payroll processing, you will have the option to use those modules, to use alternate software to handle those functions, or to handle those functions in any other manner that you choose.

(d) You may purchase equipment, software, supplies or products with our trademarks from us or suppliers that we approve or designate.

14.2 We reserve the right to inspect and re-inspect the products, supplies and facilities of your suppliers, to determine their conformity with this Section 14. We will maintain and make available to you a list of certain equipment, software, supplies, products and services which meet our specifications. We may modify this list. If you desire to use items or services not on the list, you will so notify us in writing before using the items or services and, if we so request, will provide us samples of the items or services and any relevant data. You will pay us the then-current per diem fee for our personnel (currently \$1,000 per person per day), and will reimburse us for our out-of-pocket costs relating to the grant or approval of items or services. If we determine that any item or service does not meet the required specifications, you agree that you will not use the item or service in the Franchised Business. The supplier of any item or service proposed for use by you under this Section 14.2 may be required to demonstrate to our reasonable satisfaction that:

(a) the supplier meets our specifications, including its quality, quantity, warranty, variety, service and safety specifications, for the item or service and for the facilities used in the production and distribution of the item or service.

(b) the supplier has the capacity to supply franchisee requirements;

(c) the supplier has a sound financial condition and business reputation; and

(d) the supplier will supply items or services to a sufficient number of our franchisees to enable us to economically monitor compliance by the supplier with our specifications.

14.3 We or our related companies may offer to sell to you items or services used in operating a COMMISSION EXPRESS business, which may be purchased by you at your option. We or our related companies will endeavor, to the extent we are able to do so based on total purchases by our franchisees, to negotiate volume purchasing arrangements for items and services, and to offer them to our franchisees at prices not otherwise generally available to the franchisees.

14.4 To the extent we are not the manufacturer of any item or service which we may sell or provide to you, unless specifically stated otherwise in writing, we do not provide any warranty or guarantee to you or any third party, and you may not make any representation to the

contrary to any third party. If we are able to secure from any manufacturer any warranty, guarantee or assumption of liability which we are authorized to convey to you, we will so notify you.

14.5 Security deposits or advance payments may be required by us or our related companies as to purchases of items or services by you. You agree to pay all invoices rendered by us or our related companies for items or services within 30 days after the dates of the invoices.

15. DESIGN AND APPEARANCE OF BUSINESS

15.1 You acknowledge that the location, appearance and regular operation of any professional office for the Franchised Business that you desire to open and maintain within your Development Territory must demonstrate stability and instill confidence in your customers.

15.2 You must maintain and renovate periodically, at your expense, the interior and exterior of any professional office so as to maintain standards of appearance consistent with the image of the System.

15.3 You agree to purchase or lease, and to display at any professional office, whether attached to a building or free-standing, only signs, emblems, logos, lettering and pictorial materials that are in accordance with specifications prescribed by us in the Confidential Operations Manual or otherwise in writing, subject to changes for which we have given our prior written consent. We have the right to revise the specifications for signs, emblems, logos, lettering and pictorial materials, and you must promptly alter your signs, etc., at your office to conform with the revised specifications. The alterations will be at your expense if revisions are required no more often than once every 3 years.

15.4 You must maintain any professional office and all adjacent areas in good, clean, attractive and safe condition at all times. You must, at your expense, undertake all maintenance and make all repairs, replacements, alterations and additions as may be required for that purpose, including periodic cleaning, repainting, repairs and replacement of obsolete fixtures, equipment, and furnishings as we may reasonably require.

15.5 You may operate the Franchised Business from a home office. You may, but are not required to, open and maintain an office that is open to the public. You may use a virtual office with an executive suites company near your home.

15.6 You, at your or your employees' or independent contractors' expense, will cause your employees and independent contractors to present themselves to customers and prospective customers, in a professional manner.

16. ADVERTISING AND PROMOTION

16.1 Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, you agree to contribute, on a monthly basis during the term of the Franchise, an advertising fee equal to 1% of your Gross Income to a system-wide advertising and promotional fund ("Fund"), if we choose to establish and maintain such a Fund. No advertising fee is due for the 1st 3 months after you commence business in accordance with Section 5.1 of this Agreement. Thereafter, the advertising fee is subject to a monthly minimum as specified on Attachment 1 or 1A, based on the type of franchise, year of franchise and the designation of your Development Territory. If you are licensed to operate in more than 1

Development Territory, you must pay at least the minimum advertising fee for each Development Territory, subject to a \$6,000 calendar year maximum payment per Development Territory.

16.2 If established, the Fund will be maintained as follows:

(a) You will contribute to the Fund on or before the 10th day of each month based on your Gross Income for the preceding month.

(b) Any company-owned COMMISSION EXPRESS businesses will make advertising fee payments to the Fund on a basis at least equal to that described in Section 16.1.

(c) We will direct all advertising and promotional programs, with the sole and absolute right of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. You agree that the Fund is intended to maximize recognition within the real estate community and acceptance of the Marks for the benefit of the System, and that we and our designees undertake no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your advertising fee payments, or to ensure that you benefit directly or pro rata from the placement of advertising.

(d) You agree that the Fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; and providing promotional brochures and other marketing materials to COMMISSION EXPRESS franchisees). All sums contributed to the Fund will be maintained in a separate account from our general funds and will not be used to defray our general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the Fund (up to 15%), including conducting market research, preparing and distributing advertising and promotional materials, and collecting and accounting for advertising fee payments to the Fund.

(e) If we expend less than the total of all advertising fee payments to the Fund during any fiscal year, we will have the right to retain those advertising fees for use in subsequent years. If we expend more than the advertising fees accumulated in the Fund during any fiscal year, we will have the right to receive from the Fund, on demand, reimbursement in subsequent years to the extent of the excess expenditure.

(f) An unaudited summary report on the operation of the Fund will be prepared annually and will be made available to you at your request 90 to 120 days after fiscal year end.

(g) Although the Fund is intended to be of perpetual duration, we retain the right to terminate the Fund. The Fund will not be terminated, however, until all advertising fees have been used for the purposes described above or returned to contributors on a prorated basis.

(h) We have established a franchise advisory board to advise us on advertising and other matters. The board is advisory, and has no operational or decision-making power. We allow franchisees to elect the members of the board. The board operates under its own bylaws, and we do not have the right to change or dissolve the board.

16.3 We have the right, in our discretion, to establish a regional advertising cooperative in your Development Territory. You will immediately on our request become a

member of the cooperative for your Development Territory. You will not be required to be a member of more than 1 cooperative. The cooperative will be governed in the manner we require. The cooperative has the right to require each of its members to make contributions to the cooperative, not to exceed 3% of your Gross Income (subject to a \$10,000 calendar year maximum contribution per Development Territory). The following provisions apply to each cooperative:

(a) The cooperative will be organized and governed in a form and manner, and will begin operation on a date, we approve in advance in writing;

(i) The cooperative will be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising in the cooperative's territory;

(ii) The cooperative may adopt its own rules and procedures, but we have the right to approve the rules or procedures. The rules and procedures will not restrict nor expand your rights or obligations under this Agreement. Except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the cooperative at a meeting attended by 2/3 of the members, including assessments, is binding on you if approved by 2/3 of the members present, with each franchisee having 1 vote;

(iii) No advertising or promotional plans or materials may be used by the cooperative or furnished to its members without our written approval. All plans and materials must be submitted to us in accordance with the procedure stated in Section 16.4;

(iv) You must submit to the cooperative, no later than the 10th day of each month, for the previous calendar month, your contribution, together with all other statements or reports required by us or the cooperative with our written approval;

(v) If an impasse occurs owing to the inability or failure of the cooperative members to resolve within 45 days any issue affecting the establishment or effective functioning of the cooperative, the issue will, on request of a member of the cooperative, be submitted to the franchisee advisory board (or us, if the franchisee advisory board no longer exists) for consideration and resolution of the issue will be final and binding on all members of the cooperative; and

(vi) The cooperative will render quarterly reports to us of its expenditures.

(b) We, in our sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in the cooperative, on written request of the franchisee stating reasons supporting the exemption. Our decision concerning the request for exemption is final.

16.4 Local Advertising Requirement. For a protected Development Territory, you must spend at least the greater of 2% of Gross Income or \$6,000 (large protected Development Territory), \$4,000 (medium protected Development Territory) or \$2,000 (small protected Development Territory) per calendar year on local advertising in the Development Territory. For an open market Development Territory, you must spend \$4,000 (large open market Development Territory) or \$2,000 (medium open market Development Territory) on local advertising in the Development Territory during your first full or partial calendar year, and at least 1% of your Gross Income on local advertising in the Development Territory during each calendar year thereafter.

For either type of Development Territory, all local advertising expenditures must be in accordance with the standards in the Confidential Operations Manual.

16.5 Use and Approval of Advertising Materials. Your advertising and promotional materials must be dignified and conform to specifications in the Confidential Operations Manual. If prescribed advertising or promotional materials are available from us, you may not use any materials other than those prescribed by us, and must pay all reasonable fees and expenses associated with the provision of those materials. Otherwise, you must submit samples to us as directed and obtain our prior written approval (except as to prices to be charged), of all advertising and promotional materials that you desire to use and that have not been prepared or previously approved by us. If we do not notify you within 10 days after our receipt of the materials, we will be deemed to have given the required approval. If any advertising or materials previously approved by us are later disapproved, you must discontinue their use promptly on written notice from us. Our advertising standards, policies, procedures and specifications apply to any online advertising, whether your landing page is on our proprietary website(s) or any other website(s) that we have approved. You must obtain our prior written approval to change any online content. You may not establish or maintain your own website(s) or domain name(s) for the Franchised Business under any circumstances. You must obtain our prior written approval to use any social media platforms to advertise or promote the Franchised Business.

16.6 You acknowledge and agree that we will own all rights to and interest in each telephone number and telephone directory listing, email address, domain name, social media platform and comparable electronic identity that is associated with your Franchised Business and/or with any Mark (“Listing”). You acknowledge and agree that all goodwill arising from or in connection with the use of each Listing will inure to our benefit. Promptly after expiration, termination, repurchase or transfer of the Franchise, at your expense, you will notify each telephone or Internet service provider with whom you have any Listing and direct them to transfer the Listing to us, or any persons we designate, at your expense; and you agree to execute all documents necessary to complete these transfers. On the execution of this Agreement, you will sign a transfer of service consent and authorization (Attachment 6), granting us the authority to change, transfer or terminate any Listing on your behalf. We will use this authorization only if you do not comply fully with this Section 16.6 and Section 27.1(d) after expiration, termination, repurchase or transfer of the Franchise.

17. INSURANCE

17.1 You must secure before opening the Franchised Business, and then must continuously maintain during the term of the Franchise, insurance at your expense, as follows:

(a) Workers’ compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of the Franchised Business.

(b) Automobile liability insurance with a \$500,000 combined single limit or a \$250,000/\$500,000 split limit.

(c) Comprehensive general liability insurance with a limit of at least \$1,000,000.

(d) Insurance on the any professional office, equipment (except portable equipment) and supplies, for loss or damage by fire, windstorm, flood and other risks usually insured against by the owners or lessors of similar property. The insurance must be for at least 90% of the replacement cost of the property. Unless a written waiver is obtained from us, any COMMISSION EXPRESS professional office sustaining loss or damage must be repaired, restored or rebuilt within 60 days of the date of the loss or damage.

(e) Accounts receivable insurance of up to \$200,000, depending on the size of your portfolio.

(f) Valuable papers insurance of up to \$5,000.

17.2 If circumstances require for the protection of you and us, we, in our sole and absolute right, may increase or modify the insurance limits noted above and may require additional types of insurance. If we determine that any required insurance is not generally available to you at a cost which we, in our sole and absolute judgment, deem to be reasonable, then we may modify the insurance requirements to provide for lower limits until the insurance becomes available at a reasonable cost.

17.3 Each insurance policy (excluding the workers' compensation or similar insurance policy and the automobile liability insurance policy) maintained by you for the Franchised Business must name us as an additional insured. All insurance policies must name you as the insured, and must be issued by insurance companies with performance ratings of at least A as rated in the most recent edition of Best's Insurance Reports or comparable publication.

17.4 Within 30 days after opening the Franchised Business and then annually when annual financial statements are provided, you must furnish to us a then-current copy of each insurance policy, including all amendments and endorsements, evidencing the limits noted above or as then required, and proof of premium payments, and providing that the insurance will not be cancelled, amended or modified without 30 days' prior written notice to us.

17.5 You may not reduce any insurance limit, restrict any insurance coverage, or cancel, alter or amend any insurance policy without our prior written consent. If you fail to obtain or maintain any required insurance, you agree that we may, but are not obligated, to obtain the insurance and that you will reimburse us for the cost of the insurance, and for any reasonable expenses incurred in procuring the insurance, within 30 days of the date of our invoice. You expressly waive any objection to our purchase of insurance under this Section.

18. LEGAL COMPLIANCE, TAXES, LICENSES, UTILITIES AND OTHER OBLIGATIONS

18.1 You must comply with all laws applicable to the operation of the Franchised Business, including all administrative and governmental regulations relating to fictional business names, occupational hazards, health, consumer protection, and unfair or deceptive practices, securing and promptly paying for all licenses, permits and inspections, and promptly paying all withholding, unemployment, occupational, privilege, license, sales, use and income taxes and the like, including all taxes and fees levied and asserted on your business property, and all water, sewer, gas, telephone, electric, power and other utility charges assessed or charged to the Franchised Business.

18.2 You must promptly satisfy any other indebtedness that you incur in operating the Franchised Business.

18.3 You must promptly notify us of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality that may adversely affect the operation of the Franchised Business.

18.4 If there is any bona fide dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, you may not permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any of its improvements.

19. PROPRIETARY MARKS

19.1 The Marks are our exclusive property. You acknowledge that your use of the Marks is a temporary authorized use under franchise and that we retain all ownership interests in the Marks and all goodwill generated by the Marks. All uses of the Marks by you will inure to our benefit. You agree to use the Marks only in accordance with the terms of this Agreement and acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our prior written consent, is an infringement of our exclusive right, title and interest in and to the Marks. You agree that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks, or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

19.2 You may provide services and products to the real estate community under the service mark, trademark and trade name “COMMISSION EXPRESS” or “COMMISSION EXPRESS” of (your Development Territory). Without our prior written consent, you may not use any Mark, any derivation or modified version of any Mark, or any confusingly similar mark: as part of any legal entity or other business name or name, website address, email address, domain name or other identifier in any print, electronic or other medium; or with any prefix, suffix or other modifying word, term, symbol or design. You agree to execute, during or after the term of the Franchise, at our request, any consents necessary for the registration of our corporate name in the state where you conduct the Franchised Business.

19.3 You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising, supplies and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify for the Marks.

19.4 If it becomes advisable at any time, in our sole and absolute judgment, for the business to modify or discontinue use of any Mark and/or to use one or more additional or substitute service marks, trademarks, trade names or trade dresses, you agree to comply with our directions to modify or otherwise discontinue the use of the Mark, and/or to use one or more additional or substitute service marks, trademarks, trade names or trade dresses, within a reasonable time after receiving notice from us. You will be responsible for the costs of modifying or discontinuing the use of any trademark, service mark or trade name, or using one or more

substitute trademarks, service marks or trade names. We will not be responsible for reimbursing you for any loss of goodwill in connection with the modification or discontinuation of any trademark, service mark or trade name.

19.5 During the term of the Franchise, in conjunction with the use of any Mark, you must identify yourself as the operator of the Franchised Business on letterhead sheets, invoices, order forms, receipts, contracts and similar documents, and, where required by us, on signs. The form and content of the identification must comply with specifications in the Confidential Operations Manual.

19.6 During the term of the Franchise, you must obtain and maintain any fictitious or assumed name registrations required under applicable law, and must execute any documents deemed necessary by us or our counsel to obtain protection for the Marks or maintain their continued validity and enforceability.

19.7 You must promptly notify us of any use, by any person or entity other than us or another of our franchisees, of any Mark or any name or mark confusingly similar to any Mark.

19.8 You must promptly notify us of any litigation brought or threatened by any person or entity against you, involving any Mark. If we, in our sole and absolute judgment, undertake the defense or settlement of that litigation or claim, we will do so at our own expense, but you agree to execute any documents, and to render any assistance (excluding financial assistance) as may, in the sole and absolute right of our counsel, be reasonably necessary to carry out the defense or settlement. If the defense does not involve issues concerning the operation of your business, we will reimburse you for all reasonable out-of-pocket costs incurred in connection with assisting in the defense or settlement.

19.9 You agree that the use of any Mark contrary to any term of this Agreement is an act of infringement, and that the use will cause irreparable injury to us and entitle us to an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, from a court or agency of competent jurisdiction, court costs, reasonable expenses of litigation, reasonable attorney's fees, and any other appropriate relief.

20. TRADE SECRETS AND CONFIDENTIAL INFORMATION

20.1 You acknowledge that the System involves trade secrets owned by us and that, during your relationship with us, you will acquire knowledge of confidential information, including know-how, sales, organizational, operational, customer and other information concerning the System.

20.2 You agree that, without our prior written consent, you will never either during or after the term of the Franchise, use or allow the use of any trade secret or confidential information except in connection with the operation of the Franchised Business by persons actively involved in the operation of the business. You further agree that you will not disclose the contents of the Manuals or any plans, records or other documents relating to the Franchised Business to any third party, except a party who is actively involved in the operation of the business and who has a valid need for disclosure. Any third party or employee to whom a trade secret or confidential information is disclosed will be informed that the trade secret or confidential information is confidential and proprietary to us and that it may not be used except under a franchise agreement

with us. You must have your Manager, each other management employee or independent contractor, and any other person attending initial training, enter into a Confidentiality and Non-Competition Agreement substantially similar to Attachment 4.

20.3 You agree to promptly reveal to us discoveries, inventions, innovations or improvements made by you or any of your Managers, employees or independent contractors relating to materials, devices, methods or processes in any way connected with the System, and further agree that all proprietary interests in the information, materials, devices, methods, techniques, know-how and processes utilizing those discoveries, inventions, innovations and improvements will be our property.

20.4 You agree that use of any trade secret or confidential information contrary to any term of this Agreement is an act of infringement, and that the use will cause irreparable injury to us and entitle us to an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, from a court or agency of competent jurisdiction, court costs, reasonable expenses of litigation, reasonable attorney's fees, and any other appropriate relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and expressly waive all claims for damages caused by the wrongful issuance of any injunction.

21. NON-COMPETITION

21.1 Unless otherwise specified in this Agreement, the word "you" in this Section 21 includes, collectively and individually, each shareholder, member, partner, officer and director, and each direct or indirect holder (and each shareholder, member, partner, officer or director of each holder) of any beneficial interest of 5% or greater in you, if you are a legal entity.

21.2 You agree that during the term of the Franchise and for 1 year after the later of: 1) termination, expiration, non-renewal or sale of the Franchise, regardless of the cause, or 2) the date of final judgment or order of any court or tribunal that enforces this Agreement, you will not, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person or entity, divert or attempt to divert any business or customer of the Franchised Business to any competitor or other person by direct or indirect inducement or otherwise, but this Section 21 will not prevent you from referring customers in good faith to other businesses, including competitors' businesses, that may be able to provide those customers with services or products not available from the Franchised Business.

21.3 You agree that during the term of the Franchise and for 1 year after the later of: 1) termination, expiration, non-renewal or sale of the Franchise, regardless of the cause, or 2) the date of final judgment or order of any court or tribunal that enforces this Agreement, you will not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person or entity, employ, engage as an independent contractor, or seek to employ or engage as an independent contractor, any person who, within the prior 6 months, has been an employee or independent contractor of us or any of our franchisees, or induce or seek to induce any person who is an employee or independent contractor of us or any of our franchisees, to leave his or her employment or engagement

21.4 You acknowledge that certain methods of doing business and other elements comprising the System are unique and distinctive, and have been developed by us at great effort, skill, time and expense; that you will have regular and continuing access to valuable trade

secrets, confidential information and valuable training regarding the System; and that you recognize your continuing obligation to promote the Franchised Business. You accordingly agree as follows:

(a) During the term of the Franchise, you will not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any other person or entity, own, operate, engage in, have any interest in, be employed by or perform any service for any business located in the United States that offers, or that franchises or licenses others to offer, services or products that are the same as or substantially similar to services or products that are or could be offered by you under this Agreement.

(b) Unless we give you written notice under Section 3.2(a)(ii) of this Agreement of our intention not to renew the Franchise, for 2 years after the later of: 1) termination, expiration, non-renewal or sale of the Franchise, regardless of the cause, or 2) the date of final judgment or order of any court or tribunal that enforces this Agreement, you agree that you will not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any other person or entity, own, operate, engage in, have any interest in, be employed by or perform any service for any business, which offers, or which franchises or licenses others to offer, services or products that are the same as or substantially similar to services or products that were or could have been offered by you under this Agreement, and which operates within: 1) the Development Territory, or 2) the territory of any other COMMISSION EXPRESS business operating or in planning at the time of expiration or termination.

21.5 You acknowledge that your violation of any term of this Section 21 will cause irreparable injury to us for which no adequate remedy at law is available. You accordingly consent to the issuance of an order of specific performance and/or a temporary, preliminary or permanent injunction, without bond, prohibiting any conduct by you in violation of any term of this Section 21.

21.6 Each provision and subpart of a provision of this Section 21 is independent of each other provision and subpart of a provision of this Agreement. If a provision or subpart of a provision of this Section 21 is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by any lesser provision or subpart that imposes the maximum duty permitted by law, as if the resulting lesser provision or subpart were separately stated in this Section 21, and also agree to be bound by each other subpart of a provision of this Agreement.

21.7 You acknowledge that we may, in our sole and absolute right, reduce the scope of any provision or subpart of any provision in this Section 21 without your consent, effective immediately on written notice from us, and you agree that you will promptly comply with any provision or subpart so modified, which will be fully enforceable notwithstanding any other provision or subpart of this Agreement.

21.8 You agree that any claim you may have against us, whether or not related to the Franchised Business, will not be a defense to the enforcement by us of any provision of this Section 21. You further agree that we will be entitled to set off any amounts owed by us to you against any loss or damage to us arising from your breach of this Agreement, including this Section 21.

21.9 This Section 21 will not apply to any ownership by you of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation.

21.10 You must have each of your Managers, and each of your other management employees and independent contractors, enter into a Confidentiality and Non-Competition Agreement substantially similar to Attachment 4 and provide us with true copies.

22. INSPECTION BY CEN

22.1 Our field representative or designee may make an announced or unannounced inspection of the Franchised Business at any reasonable time to ensure compliance with all terms of this Agreement, which inspection may include interviews of your Manager, employees and independent contractors to ascertain their knowledge of and compliance with the System, as well as interviews with your customers to determine their level of satisfaction. You acknowledge that any feedback, coaching or suggestions given by our field representative or designee to any personnel of the Franchised Business during any such inspection will be informational and non-mandatory, but that you may be required to communicate with, give instructions to, train or retrain those personnel during or after the inspection in order to bring the operation of the Franchised Business into compliance with the System. You agree that our field representative or designee will be allowed to take a physical inventory of the assets of the Franchised Business, and to inspect any records of the Franchised Business, including your books and financial accounts, at any time during normal business hours. Any inspection will be made at the expense of us or our designee, but if we or our designee must make 2 inspections concerning your repeated or continuing failure to comply with this Agreement, we will have the right to charge you for the costs of making all further inspections concerning your failure to comply, including the travel, lodging, meal, wage and benefit expenses of our field representative or designee. At the conclusion of our inspection, our field representative or designee will prepare a written report. You (or if you are not an individual, your principal operating officer or partner), if present, or your Manager, will be given a copy of the report and will sign a second copy to be sent to us, on which you may acknowledge or contest the field representative's or designee's conclusions and observations.

22.2 During any inspection, you agree to cooperate fully and to give any assistance reasonably requested. Promptly after receiving notice of any deficiencies detected in an inspection, you agree to take steps necessary to correct the deficiencies, including if necessary the temporary closing of the Franchised Business. Without limiting our other rights and remedies, we will have the right but not the obligation, if you fail or refuse to act promptly, to make or cause to be made any required corrections and to charge the costs of correction to you.

23. FRANCHISEE AS INDEPENDENT CONTRACTOR

23.1 Relationship of Parties. Under this Agreement, you are an independent contractor with entire control and direction of the Franchised Business, subject only to the terms of this Agreement and its attachments. This Agreement is not intended to, and does not create a fiduciary or other special relationship between the parties, or make any party a principal, agent, legal representative, parent, affiliate, subsidiary, joint venturer, partner, employer, joint employer, employee or servant of any other party for any purpose. In that regard: (a) We have no right or duty to operate the Franchised Business, and disclaim any liability under this Agreement for any damages arising out of the operation of the Franchised Business.

(b) You are solely responsible for recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining and firing your personnel, and your personnel are not our employees, independent contractors or agents. We have no right or duty to supervise, or to exercise control over, your personnel in the operation of the Franchised Business, and disclaim any rights or responsibilities as to your personnel. You are solely responsible for consulting with your own third-party human resources (“HR”) service provider and/or legal counsel concerning compliance with personnel laws and regulations that are applicable within the Development Territory, and for complying with those laws and regulations.

(c) Except as provided in this Agreement, you are solely responsible for training your personnel. To the extent that we provide you with guidelines, recommendations, materials and other resources related to training your management and non-management personnel, you may use those training resources, or may choose to use alternate training resources, so long as your personnel are trained to operate the Franchised Business in a System-compliant, legal and safe manner.

(d) You are solely responsible for establishing and enforcing your own policies related to personnel practices and labor relations. To the extent that we provide you with guidelines, recommendations, materials and other resources related to personnel practices and labor relations, you may use those resources, or may choose to use alternate resources. You are solely responsible for consulting with your own third-party HR service provider and/or legal counsel concerning compliance with personnel and labor relations laws and regulations that are applicable within the Development Territory, and for complying with those laws and regulations.

23.2 Notices to Public, Etc. During the Term, you agree to hold yourself out, to the public, public officials, your suppliers, your independent contractors and others, as an independent contractor operating the Franchised Business pursuant to rights granted by us, but not jointly with us. You agree to take any reasonable action that we consider necessary to that end, including exhibiting notices of the parties’ relationship in a conspicuous manner at the Franchised Business, and on websites, letterhead, forms, business cards, electronic communications, advertisements, and other materials we designate. We reserve the right to specify and change the content and form of these notices.

23.3 Statements to and Acknowledgements by Employees. During the Term, you shall hold yourself out to your prospective employees, and to your employees, as an independent contractor operating the Franchised Business pursuant to rights granted by us, but not jointly with us. You shall take any reasonable action that we consider necessary to that end, including (i) stating conspicuously on each employment application that the prospective employee is applying to be your employee and not an employee of ours, (ii) stating your entire business name, rather than just using our brand name and/or logo, on your payroll checks and/or payroll-related communications to employees, and (iii) requiring employees to sign acknowledgements that they are not employees of ours, even though they are selling products and services identified by our brand name and/or logo, are receiving payroll checks and other communications that contain our brand name and/or logo, may have applied for jobs through our website(s), or may communicate with or receive non-mandatory feedback, coaching or recommendations from our representatives in emails or other electronic or written communications, or during telephone calls, meetings or inspections. We reserve the right to specify and change the content and form of these statements and acknowledgements.

23.4 Contracts, Etc. Nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf; to incur any obligation, debt or expense in our name; or to make any representation to any third party tending to indicate a business relationship with us beyond that created under this Agreement. We disclaim any liability for, and will not be liable under this Agreement for any claim or judgment arising as a result of, any such action. Under this Agreement, no party is responsible for any obligations, debts or expenses of any other party.

24. INDEMNIFICATION

24.1 We agree to indemnify you, your affiliates, successors and assigns, and your shareholders, members, partners, officers, directors, employees and agents, for any expenses arising out of any claim for copyright or trademark infringement or unfair competition directly or indirectly related to your authorized use of our materials or the Marks under this Agreement and the Manuals, provided you notify us in writing within 30 days, or within any shorter period necessary to avoid prejudice, after learning of the claim, and also if we are given the opportunity, if we so choose, in our sole and absolute right, to control the settlement or defense of the claim. You may not settle any claim to which this Section 24.1 applies without our prior written consent.

24.2 You agree to indemnify us, our affiliates, successors and assigns, and our shareholders, members, partners, officers, directors, employees and agents, for any expenses arising out of any claim directly or indirectly related to your operation of the Franchised Business or performance or lack of performance under this Agreement, if the claim does not arise from our negligent or wrongful conduct. You specifically acknowledge: (i) that we do not have any reserved or general right to exercise control over, and do not exercise any indirect or direct control over, the day-to-day operation of the Franchised Business (including operations-related functions such as safety and security, the use of equipment and motor vehicles, and the delivery of products and services to customers, and personnel-related functions such as recruiting, interviewing, hiring, timekeeping, scheduling, payroll processing, supervising, disciplining and firing), (ii) that all liability arising out of the operation of the Franchised Business is therefore your responsibility, and (iii) that your indemnification obligation under this Section 24.2 covers any “joint employer,” “agency,” “ostensible agency” or similar claims by third parties based on the establishment or operation of the Franchised Business. You must promptly notify us of any claim by or against you directly or indirectly related to your operation of the Franchised Business and, on request, must furnish us with copies of any filings in any proceeding involving the claim.

24.3 As used in this Section 24, the word “expenses” includes all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys’ fees, accountants’ fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to reputation or goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and costs of recall, refunds, compensation and public notices.

24.4 The indemnification obligations of us and you will survive the expiration or termination of the Franchise for as long as any potential for liability under any applicable law, rule, ordinance, statute or judicial decision remains. In this regard, to the maximum extent permitted by law, we and you each waive the effect of any statute of limitation which would, by lapse of time, limit our indemnification obligations.

25. TRANSFERS OF INTEREST

25.1 Transfer by CEN. We may sell, assign, transfer, convey, give away, pledge, hypothecate, mortgage or otherwise encumber (“transfer”) all or any part of our rights, interests or obligations in this Agreement to any person or entity.

25.2 Transfer by Franchisee.

(a) Your rights and obligations under this Agreement are personal to you, and we have granted the Franchise in reliance on your and/or your principals’ business skill, financial capacity, personal character, and reputation for honesty, integrity and fair dealing. Accordingly, you, and your successors, assigns, and/or principals, may not transfer any interest in you, in this Agreement, any related agreement, in the Franchise or the Franchised Business, without our prior written consent. Any purported transfer not having our prior written consent will be null and void.

(b) We will not unreasonably withhold our consent to a transfer of any interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business, but if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring either a controlling interest in or operating control of you, this Agreement, any related agreement, the Franchise or the Franchised Business, we may, in our sole and absolute right, require as conditions to its consent that:

(i) You are in compliance with the terms of this Agreement in all material respects;

(ii) The transferee (including any person with a beneficial interest of 5% or greater in the transferee if it is a legal entity) has demonstrated to our satisfaction that it meets the then-current standards which we would normally apply to any prospective franchisee. The transferee, for example, has demonstrated that it meets our educational, personal, managerial and business standards; possesses a good moral character and a good business reputation; has the aptitude and ability to conduct the Franchised Business (as may be shown by prior related experience); has adequate financial resources and capital to operate the Franchised Business; is financially responsible and has a good credit rating; will be likely in our sole and absolute judgment to comply with the terms of this Agreement and our then-current standard franchise agreement and Manuals; and has no direct or indirect connection with any actual or potential competitor of us or any of our franchisees;

(iii) Your debts to us and others relating to the Franchised Business have been satisfied;

(iv) You have executed a general release, in a form satisfactory to us, of any claims against us and our shareholders, members, partners, officers, directors, employees and agents, in their corporate and individual capacities;

(v) The transferee (including any person with a beneficial interest of 5% or greater in the transferee if it is a legal entity) has entered into a written transfer agreement, in a form satisfactory to us, assuming and agreeing to discharge your obligations under this Agreement and any attachments to this Agreement;

(vi) The transferee (including any person with a beneficial interest of 5% or greater in the transferee if it is a legal entity) executes our then-current standard franchise

agreement (excluding any requirement to pay an initial franchise fee) and attachments (including any guaranty agreements). The then-current franchise agreement may contain terms substantially different from those in this Agreement, including different royalty fees, advertising fees, training requirements and quotas.

(vii) The transferee and its Manager, if any, have agreed to successfully complete (at the transferee's expense and to our satisfaction) any then-current initial training programs;

(viii) You or the transferee has paid us, in lieu of paying the initial franchise fee specified in Section 9.1, a transfer fee equal to 25% of our then-current initial franchise fee, as specified in Attachment 1, for a comparable franchise territory, plus full reimbursement for any actual and reasonable travel, lodging and meal expenses incurred by us in connection with the transfer;

(ix) We have decided not to exercise our right of first refusal, if any, under Section 25.5;

(x) You have updated your equipment to our then-current specifications in the Manuals;

(xi) We have consented to the material terms and conditions of the transfer, including the price and terms of payment, which may not be so burdensome as to adversely affect the operation of the Franchised Business by the transferee; and

(xii) If any part of the sale price of any transferred interest is to be financed, you must agree that all obligations of the transferee under any promissory notes, agreements or security interests reserved by you in the assets of the Franchised Business will be subordinate to the obligations of the transferee to pay royalty fees, advertising fees and other amounts due to us and our affiliated companies, or otherwise to comply with this Agreement or the franchise agreement executed by the transferee.

(c) Except as specified below, the transfer fee specified in Section 25.2(b)(viii) is non-refundable and fully earned by us when paid. If, before the completion of the transferee's initial training, we, in our sole and absolute right, decide that transferee should not operate a COMMISSION EXPRESS business, we may cancel this Agreement or the transferee's then-current franchise agreement. If we so cancel this Agreement or the transferee's then-current franchise agreement, we will refund the transfer fee, less a \$5,000 cancellation fee, if the transferee agrees to terms substantially similar to those in Sections 19.1, 19.9, 20, 21.3, 21.4(b), 21.5-21.8, 27.1-27.2, and 32.

(d) No transfer in the nature of a grant of a security interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business will be permitted without our prior written consent, in our sole and absolute right. If we consent to a transfer in the nature of a grant of a security interest, and if the holder of the security interest later seeks to exercise your right or assume the interest of you in the Franchise, this Agreement, any related agreement, you or the Franchised Business due to a default under any documents related to the security interest, we will have the option to purchase the rights of the secured party by paying all sums then due to the secured party, and the secured party will sign an agreement to that effect before any transfer takes place.

25.3 Transfer to Franchisee's Legal Entity. If a proposed transfer is to a legal entity controlled by you which is formed solely for the convenience of ownership, our consent to the transfer may, in our sole and absolute right, be conditioned on the following requirements:

(a) The legal entity's activities will be confined exclusively to operating the Franchised Business;

(b) You will own a majority stock interest or partnership interest in the transferee legal entity, and will act as its principal operating officer or partner;

(c) Each stock certificate of a corporation, evidence of ownership in an LLC or certificate of interest in a partnership or other legal entity will have conspicuously endorsed on its face a statement in a form satisfactory to us that it is held subject to, and that further transfer is subject to, all restrictions on transfers in this Agreement;

(d) All principals will jointly and severally guarantee the legal entity's performance and will bind themselves to the terms of this Agreement and any attachments;

(e) You will maintain an updated and current list of all principals of any class of stock, and furnish the list to us (Attachment 5); and

(f) Copies of the transferee's Certificate and Articles of Incorporation, Certificate and Articles of Organization, Certificate and Agreement of Partnership, By-Laws, resolution authorizing entry into this Agreement and any other significant governing documents, promptly will be furnished to us.

25.4 Transfer and Issuance of Securities. If you are a legal entity, you will maintain stop transfer instructions against the transfer of any stock certificate, certificate of interest or evidence of ownership contrary to the terms of this Section 25, and will issue no certificate on the face of which the following statement does not legibly and conspicuously appear:

The transfer of this {stock certificate, certificate of interest or evidence of ownership} is subject to the terms of a Franchise Agreement dated _____ between Commission Express National, Inc. and the {legal entity}.

25.5 CEN's Right of First Refusal.

(a) If you or any other person or entity at any time determines to sell an interest in you, the Franchise or the Franchised Business, a true and complete copy of the offer (and any proposed ancillary agreements) will immediately be submitted to us by you or the other person or entity involved. The offer must apply only to an interest in you, the Franchise or the Franchised Business. It must not include the purchase of any of your other property or rights (or those of your shareholder, member or partner), but if the offeror proposes to buy any other of your property or rights (or those of shareholder, member or partner) under a separate, contemporaneous offer, the price and terms of purchase offered to you (or to your shareholder, member or partner) for the interest in you, the Franchise or the Franchised Business will reflect the bona fide price offered and will not reflect any value for any other property or rights. We will have the right, exercisable by written notice delivered to you, or the person or entity involved, within 30 days after receipt of the copy of the offer, to purchase the interest for the price and on the terms and conditions contained in the offer, but we may substitute cash, a cash equivalent, or marketable securities of

equal value for any form of payment proposed in the offer. Our credit will be deemed equal to the credit of any proposed purchaser, and we will have not less than 60 days to prepare for closing. If the parties cannot agree on a cash equivalent within a reasonable time, they will either jointly select one appraiser, or three appraisers will be selected (one by us, one by you, and one jointly by the first two appraisers), and his, her or their determination will be binding. The parties will share equally the fees and expenses of any appraiser jointly selected, but each must pay any separately selected appraiser individually. We will be entitled to purchase the interest subject to all customary representations and warranties given by the seller of the assets of a business or voting stock of an incorporated business, as applicable, including representations and warranties as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, of any corporation whose stock is purchased. If we do not exercise our right of first refusal, you or the person or entity involved may complete the sale to the purchaser under the terms of the offer subject to our consent to the transfer under Section 25.2(b), but if the sale to the purchaser is not completed within 120 days after receipt of the offer by us, or if there is a material change in the terms of the sale, we will have an additional right of first refusal for 30 days on the same terms and conditions as were applicable to the initial right of first refusal.

(b) If a proposed transferee is the spouse, child or parent of the proposed transferor, or is a person or entity who has been disclosed to us as already holding an equity interest in you or the Franchised Business as of the date of this Agreement, we will not have any right of first refusal as provided in Section 25.5(a), unless the proposed transferee has a direct or indirect connection with any actual or potential competitor of us or any of our franchisees. However, written notification of this type of transfer must be provided to us by the transferor at least 30 days before consummation of that transfer.

25.6 Transfer On Death, Permanent Incapacity or Dissolution. On the death or permanent incapacity of any person with an interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business, or on your dissolution if you are a legal entity, the executor, administrator, personal representative or trustee (“personal representative”) of that person or entity will transfer his, her or its interest to a third party acceptable to us within 180 days after assuming that capacity. Any transfer of this type, including a transfer by devise or inheritance, will be subject to the same requirements as other transfers under this Agreement, but if the transfer is to a spouse, child or parent, the fee required under Section 25.2(b)(viii) will not be required. If the personal representative is unable to meet these conditions, the personal representative of that deceased person will have an additional 60 days to dispose of the interest, which disposition will be subject to the requirements for transfers in this Agreement, including the requirements of this Section 25. If the interest is not disposed of within 60 days, we may terminate this Agreement, or may exercise an option to purchase the Franchised Business at fair market value, determined by reference to the income and asset value of the Franchised Business as a going concern, but the earnings multiple used to determine the going concern value will be reduced to exclude any goodwill associated with your use of the Marks. The going concern value, which will be determined as of the date of the transfer, will be payable in cash or cash equivalent at closing, unless otherwise agreed by the parties. If the parties fail to agree on a going concern value, three appraisers will be designated (one by Franchisor, one by the personal representative, and one by the first two appraisers), and their determination will be binding. The parties will share the appraisers’ fees and expenses equally.

25.7 Non-Waiver of Claims. Our consent to a transfer of any interest in you, this Agreement, any related agreement, the Franchise or the Franchised Business will not be a waiver of any claims we may have against the transferring party, nor will it be a waiver of our right to demand the transferee's compliance with the terms of this Agreement.

26. DEFAULT AND TERMINATION

26.1 Automatic Termination. Except as may be prohibited by federal bankruptcy law or applicable state law, you will be deemed to be in default under this Agreement, and the Franchise will automatically terminate without notice to you, if you make a general assignment for the benefit of creditors, suffer the filing of an involuntary bankruptcy petition which is not dismissed within 60 days after filing, file a voluntary bankruptcy petition, are adjudicated a bankrupt, or suffer temporary or permanent court-appointed receivership of substantially all of your property; if suit to foreclose any lien or mortgage against the premises or equipment of your business is instituted and not dismissed within 30 days; if the premises or equipment of your business is sold after levy thereupon by any sheriff, marshal or constable; or if you (or a principal officer, shareholder, member or partner, if you are a legal entity) are convicted of a crime involving moral turpitude.

26.2 Termination Upon Notice. Except as may be prohibited by federal bankruptcy law or applicable state law, you will be in default and we may, in our sole and absolute right, terminate the Franchise, without giving you any opportunity to cure the default, effective immediately on giving written notice of termination to you, if:

(a) You are insolvent (are unable to pay your debts as they come due or have debts that are greater than your assets) and not otherwise subject to automatic termination under Section 26.1;

(b) You, without our prior written consent, cease to operate the Franchised Business as required in the Manuals;

(c) You (or your principal officer, shareholder, member or partner, if you are a legal entity) are convicted of a felony, a crime involving consumer fraud, or any other crime that is reasonably likely, in our sole and absolute judgment, to have an adverse effect on the System, the Marks, the goodwill associated with the System or the Marks, or our interest in the System or the Marks;

(d) The operation of the Franchised Business is creating a threat or danger to public health or safety;

(e) You have repeatedly failed to make timely payments of royalty fees or any other monies owed to us, or have repeatedly committed defaults of this Agreement, within any 12-month period for which we have given you written notice;

(f) You knowingly make a material false or incomplete statement in any report submitted to us;

(g) We discover that you knowingly made a material false or incomplete statement to us to obtain the Franchise;

- (h) You or any other person or entity purportedly transfer any interest contrary to Section 25;
- (i) You participate in in-term competition contrary to Section 21;
- (j) You improperly disclose the contents of the Manuals or any other information learned or received under this Agreement and designated as “Confidential”, contrary to Section 12 or 20;
- (k) An approved transfer is not effected following death, permanent incapacity or dissolution as required by Section 25.6;
- (l) You suffer any federal, state or local tax lien, levy or suit to enforce the same brought against you or your property;
- (m) You fail to open for business within the period specified in Section 5.1 of this Agreement;
- (n) You underpay or under-report any amount by 10% or more for any 3-month period;
- (o) You fail to adequately provide service as required by Section 6.2 and the Manuals; or
- (p) You fail to attain any minimum Gross Income quota specified on Attachment 1 or 1A; provided however, that we may, at our sole option, allow you to cure the default by: 1) paying us, within 10 days, a sum equal to: (i) any amount needed so that total royalty fees and advertising fees paid for the year equal those that would have been paid if you had attained the minimum Gross Income quota for the franchise year, plus (ii) an administrative fee of \$2,000 for a medium open market Development Territory, \$4,000 for a large open market Development Territory, \$2,000 for a small protected Development Territory, \$4,000 for a medium protected Development Territory, or \$6,000 for a large protected Development Territory; or, 2) if your franchise is for a protected Development Territory, allow you to cure the default by converting the franchise to a medium or large open market Development Territory in accordance with Section 9.1(b)(1) within 10 days.
- (q) You or your Manager fail to attend at least 2 of the 3 previous conferences pursuant to Section 11.2 (c).

26.3 Termination After Notice and 30-Day Opportunity to Cure. You will have 30 days, or any greater period permitted by us or required by law, to cure any default for which we have given written notice of termination to you under this Section 26.3, and to provide us with evidence of the cure. If a default is not cured within that period, the Franchise will terminate without the need for further notice to you, effective immediately on the expiration of the cure period. We may give written notice of termination under this Section 26.3 for any failure by you to comply with any material term of this Agreement or any requirement in the Manuals. Defaults may include, for example, if:

- (a) You fail, refuse or neglect to pay to us or any affiliated company any sum owing when due, or to submit to us any required information when due;

(b) You fail to maintain any standard, policy, procedure or specification required to be maintained or followed by this Agreement or the Manuals;

(c) You fail, refuse or neglect to obtain our prior written acceptance, approval or consent as required by this Agreement;

(d) You misuse or make any unauthorized use of the System or the Marks, or otherwise materially impair the goodwill associated with or our rights in the System or the Marks;

(e) You or your Manager fail to comply with the requirement of personal attention in Section 4, or the requirements of maintaining the business in accordance with Section 5;

(f) You fail to maintain books and records as specified in the Manuals, and in a manner which permits an accurate determination of Gross Income;

(g) You fail, refuse or neglect to pay to any third party, including any major supplier, or government taxing or licensing authority, any sum owing when due, or to satisfy any other material obligation relating to the Franchised Business; or

(h) You are in default under any other agreement with us.

We disclaim any right under this Agreement to terminate the Franchise based on any decision or action by you regarding recruiting, interviewing, hiring, keeping the time of, scheduling, processing the payroll of, supervising, disciplining or firing your personnel.

26.4 Termination Without Cause by Franchisee. You may terminate the Franchise without cause at any time, if:

(a) You have given us 60 days' written notice of termination;

(b) You have satisfied your monetary obligations to us and all other suppliers and customers of your Franchised Business; and

(c) You have executed a general release, in a form satisfactory to us, of all claims against us and our partners, shareholders, officers, directors, employees and agents, in their corporate and individual capacities.

27. OBLIGATIONS ON REPURCHASE, EXPIRATION OR TERMINATION

27.1 On repurchase, expiration or termination of the Franchise, in addition to fulfilling your other continuing obligations under this Agreement, you will promptly but in no event later than 10 days after repurchase, expiration or termination of the Franchise:

(a) Surrender to us or our designee, or, if directed by us, destroy and immediately discontinue the use of, any advertising (Internet, social media, newspaper, radio, print, television or otherwise) or other materials or designations indicating or intending to indicate in any way that you are our franchisee;

(b) Permanently discontinue use of the System and any information received under this Agreement and designated as "Confidential";

(c) Deliver to us (or our designee) the Manuals, and all other bulletins, instruction sheets, forms, devices, customer lists and other written materials, and all copies of the same, received by you under this Agreement. We may, at our option, direct you to destroy any or all of these materials rather than returning them, and you will destroy any materials if so directed by us;

(d) Pay all charges due for telephone services and COMMISSION EXPRESS telephone listings, assign those telephone listings to us or our designee, and discontinue any radio, newspaper or other advertising which may in any way identify you with our services or products;

(e) Pay all charges due for on-line computer network services, and cause any appropriate Internet service provider or comparable authority to assign to us ownership of your website addresses, email addresses, domain names, social media platforms or other comparable electronic identifiers, unless we have waived our right to any such assignments.

(f) Take any action necessary to cancel any assumed name or equivalent registration that contains the mark COMMISSION EXPRESS or any other Mark, and submit to us proof of compliance with this obligation within 30 days after repurchase, expiration or termination.

(g) If you maintain a professional office, you will promptly, at your expense, make such alterations to the interior and/or exterior décor as we specify in the Confidential Operations Manual or otherwise in writing, including but not limited to removing all signs, removing or altering any furniture, fixtures and equipment that bear the Marks and otherwise discontinuing use of our trade dress, or allow us, without liability to you or third parties, to remove such items from the Franchised Business at your expense.

27.2 You and we will make a prompt and final accounting on expiration or termination of the Franchise. Any sums owed under this Agreement, any sums related to the Franchised Business owed to 3rd parties, and any other sums related to the Franchised Business owed for judgments or otherwise, promptly will be paid by the owing party.

28. ENTIRE AGREEMENT; EXECUTION DATE; MODIFICATION

28.1 This Agreement and its attachments are the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to you, except representations made to you in our Franchise Disclosure Document (including its exhibits and any updates or amendments). The terms of this Agreement are binding on the parties, and on their heirs, executors, administrators, successors and assigns. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in our Franchise Disclosure Document, its exhibits and amendments.

28.2 The execution date of this Agreement is the date it is countersigned by us.

28.3 Except as otherwise specified in this Agreement, this Agreement may not be modified except in a written agreement of at least equal formality signed by the parties.

29. INTERPRETATION

29.1 The caption headings of this Agreement are for convenience only and should in no way affect the manner in which any term of this Agreement is interpreted.

29.2 Whenever the context requires, the singular includes the plural, the plural includes the singular, the whole includes any part, and any gender includes all other genders.

29.3 The following words have the following meanings in this Agreement and any attachments: “including” means “including but not limited to”; “will” means “shall”; and “repeatedly” means “at least 3 times”.

29.4 Whenever this Agreement gives us the right to perform an act in the future, that act may be performed “from time to time”, when we choose, in our sole and absolute right, unless stated otherwise in this Agreement.

29.5 If two or more parties sign this Agreement for you or as guarantors for you, their liability is joint and several.

29.6 This Agreement is governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the laws of the Commonwealth of Virginia; but if any term of this Agreement not governed by the Federal Arbitration Act is not enforceable under the laws of the Commonwealth of Virginia, that term is governed by the laws of the state in which the largest portion of your Development Territory is located. If the Development Territory is wholly outside the Commonwealth of Virginia, the Virginia Retail Franchising Act and its regulations will not apply.

30. PARTIAL INVALIDITY

30.1 If any Section of this Agreement is determined to be wholly invalid, that determination will not be deemed to affect the validity of any other Section. The parties agree that the remaining Sections will be deemed to be in full force and effect as if they had been executed by the parties after removal of the invalid Section. If any Section is determined to be partially invalid, the remainder of that Section will continue to be enforceable if in accordance with the intent of the parties.

30.2 If any applicable and binding law or rule of any jurisdiction requires greater prior notice of the termination of or refusal to renew the Franchise than is required by this Agreement or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any standard, policy procedure or specification prescribed by us is invalid or unenforceable, the notice and/or action required by the law or rule will be substituted for the notice or action requirements of this Agreement, or the invalid or unenforceable standard, policy, procedure or specification will be modified to the extent required to be valid and enforceable. The modifications to this Agreement will be effective only in the jurisdiction requiring them, and this Agreement will be enforced as originally made and entered into in all other jurisdictions.

31. WAIVER AND ESTOPPEL

31.1 No failure of us to exercise any right reserved to us under this Agreement, or to insist on compliance by you with any term of this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, will constitute a waiver of our right to

demand compliance with any term of this Agreement. Waiver by us of any default will not affect or impair our rights as to any subsequent default of the same or a different nature; nor will any delay, forbearance or omission by us to exercise any right as to any default of any term of this Agreement affect, impair or be a waiver by us of any right as to any subsequent default. Our rights and remedies under this Agreement are cumulative, and our exercise or enforcement of any right or remedy under this Agreement will not preclude us from exercising or enforcing any other right or remedy to which we are entitled.

32. ARBITRATION; ENFORCEMENT

32.1 Except as otherwise specified in this Agreement, the parties agree that any dispute or disagreement between them, or any claim by one or more of them, concerning this Agreement, any related agreement, the Franchise or the Franchised Business, will be resolved by binding arbitration, initiated at and supervised by the American Arbitration Association (“AAA”) office nearest our home office at the time, unless agreed otherwise by the parties.

32.2 Arbitration will be conducted under the then-prevailing commercial arbitration rules of the AAA by 1 arbitrator. Any arbitration hearing will be conducted on an individual, not a class-wide, basis. No arbitration award will have any preclusionary or collateral estoppel effect in any other arbitration or adjudicatory proceeding. Judgment on an arbitration award may be entered in any court of competent jurisdiction, and will be binding, final and non-appealable.

32.3 If any dispute or claim cannot be the subject of arbitration, the parties agree that the dispute or claim will be separated from all other disputes and claims, which other disputes and claims will first be resolved by arbitration, after which any dispute or claim which cannot be the subject of arbitration will be brought before any court specified in Section 32.7. If the parties are unable to separate out these matters, their allegations and positions on them will be brought before the arbitrator(s), who will rule separately on the matters, and that ruling will be subject to appropriate judicial review on the petition of a party.

32.4 Nothing in this Section 32 will prevent us from obtaining temporary, preliminary or permanent injunctive relief, without bond, from a court or agency of competent jurisdiction against actual or threatened conduct causing loss or damage that can be remedied under usual equity rules.

32.5 If any arbitration, any action for any dispute or claim which cannot be the subject of arbitration, or any action for injunctive relief is started concerning this Agreement, , any related agreement, the Franchise or the Franchised Business, the party which substantially prevails in that arbitration or action will be entitled to a judgment against the other party for the costs of the arbitration or action, including reasonable attorneys’ fees, reasonable expenses of arbitration or litigation, and arbitration or court costs.

32.6 Any claim concerning the Franchised Business, the Franchise or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within 2 years after the date on which you or we knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

32.7 You and we each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each party will be limited to the recovery of actual damages sustained by it. You and we each irrevocably waive trial by jury in any action, whether at law or equity, brought by either party. You and we each also agree that any action for a claim that cannot be the subject of arbitration that is brought by either party relating to this Agreement, any related agreement, the Franchise or the Franchised Business will be brought in a state or federal court of general jurisdiction in the county or city in which our home office is located at the time. You irrevocably submit to the jurisdiction of these courts, and waive any objections you may have to the venue of these courts.

Your Initials _____

33. NOTICES

33.1 All notices or communications required by this Agreement will be in writing. A notice will be deemed to have been delivered: a) if mailed, 3 days after deposited in the United States mail, postage prepaid; b) if faxed, on delivery if sent during the recipient's business hours to the number that the other party has on file by notice from the recipient; c) if hand-delivered, on delivery against receipt or on refusal to accept the notice; d) if delivered by overnight courier, the next business day after deposited with such courier, charges prepaid; e) if by email, on delivery during business hours if sent to the address that the other party has on file by notice from the recipient; or f) if by certified or other receipted mail, on receipt as verified by signature. A party is not required to use more than 1 method and may choose any method of giving notice.

33.2 Notices to us will be sent to our address as stated in this Agreement or to any other address we may specify to you in writing. Notices to you will be sent to the address of the Franchised Business or any other address you may specify to us in writing.

34. ACCEPTANCES, APPROVALS AND CONSENTS

34.1 Acceptances, approvals and consents required by this Agreement will not be unreasonably withheld or delayed.

34.2 Whenever this Agreement requires our prior acceptance, approval, or consent, you will make a timely written request to us for the acceptance, approval or consent, which will be obtained in writing.

34.3 We assume no liability or obligation to you by providing any acceptance, approval, consent or suggestion to you, or by delaying action on or denying any request for an acceptance, approval or consent.

35. ACKNOWLEDGEMENTS BY FRANCHISEE

35.1 You acknowledge that:

(a) **Complete and detailed uniformity among our franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that we, in our sole and absolute right, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. You further acknowledge that we will**

have no obligation to disclose or offer the same or similar variances to you. You are aware that other COMMISSION EXPRESS franchisees may operate under different agreements and, consequently, that our obligations and rights as to those franchisees may differ materially in certain circumstances.

Your Initials _____

(b) You must retain your own attorney, who is licensed to practice law in all jurisdictions in which you will operate, to review our operational documents and to conform these documents to applicable laws. You acknowledge that you must pay all charges assessed by your attorney for this review. If your attorney suggests that the operational documents be changed, you acknowledge that you must obtain our approval of the changes before you use the operational documents.

Your Initials _____

(c) You have represented to us that neither you nor any of your owners have been designated as suspected terrorists as set forth on the list of Specially Designated Nationals as promulgated by the Office for Asset Control under the U.S. Department of Treasury.

Your Initials _____

Each of the undersigned agrees to the terms of this Agreement.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

FRANCHISEE:

Printed Name: _____

Date Signed: _____

Notice to Ohio Franchisee Only

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

CALIFORNIA RIDER TO FRANCHISE AGREEMENT

THIS RIDER to the Franchise Agreement is entered into by Commission Express National, Inc., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____ (“you” or “your”).

- (1) Section 9.1 (a) is modified to include the following paragraph:

The Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

- (2) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

FRANCHISEE:

Printed Name: _____

Date Signed: _____

HAWAII RIDER TO FRANCHISE AGREEMENT

THIS RIDER to the Franchise Agreement is entered into by Commission Express National, Inc., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____ (“you” or “your”).

(1) Section 9.1 (a) is modified to include the following paragraph:

Based on its financial condition, Franchisor is required by the Commissioner of Securities, Department of Commerce and Consumer Affairs, to defer initial fees until Franchisor has fulfilled its pre-opening obligations to you.

(2) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

FRANCHISEE:

Printed Name: _____

Date Signed: _____

ILLINOIS RIDER TO FRANCHISE AGREEMENT

THIS RIDER to the Franchise Agreement is entered into by Commission Express National, Inc., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____ (“you” or “your”).

1. Illinois law governs the Franchise Agreement.
2. Section 2 of this Franchise Agreement is modified by the addition of the following language:

We reserve the right to revise territorial boundaries as often as necessary, possibly annually. Your territory is NOT EXCLUSIVE to you and you will receive NO COMPENSATION if some other individual or entity solicits and conducts business in your territory.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act **or any other law of Illinois** is void.
5. Section 9.1(a) of the Franchise Agreement is modified by the addition of the following language:

We will defer all initial franchise fees owed to us by you until such time as all initial obligations to you have been fulfilled by us and you have started doing business. This deferral is required by the Illinois Attorney General’s Office based our financial statements.

6. Section 29.6 of the Franchise Agreement is modified to include the following language:

The Illinois Franchise Disclosure Act will supersede any provisions of the Franchise Agreement inconsistent with that law, if the Franchise Agreement applies to a franchise located in Illinois or a franchisee domiciled in Illinois.
7. Section 32.6 of the Franchise Agreement is deleted in its entirety and replaced with the following language:

Any claim concerning the Franchised Business, the Franchise or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be

the subject of arbitration is brought before the expiration of 3 years after the act or transaction constituting the violation on which it is based, the expiration of 2 years after you or we knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall expire first.

- 8. Sections 35.1(a), (b), (e), (f) and (g) of the Franchise Agreement are deleted in their entirety.
- 9. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

FRANCHISEE:

Printed Name: _____
Date Signed: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

THIS RIDER is entered into by Commission Express National, Inc., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____ (“you” or “your”).

- (a) Section 9.1(a) is modified by the addition of the following language:

The Maryland Office of the Attorney General, Securities Division, requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

- (b) Section 25.2 (b)(iv) is revised to add the following sentence:

The general release required as a condition of transfer will not apply to any claim arising under the Maryland Franchise Registration Disclosure Law.

- (c) Section 32.6 is amended to add the following sentence:

You understand that any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the Franchise.

- (d) The 3rd sentence in Section 32.7 is revised to add the clause:

“, but you and we each agree that any action based on any claim arising under the Maryland Franchise and Disclosure Law may be brought in a court in Maryland.”

- (e) The following Section 35.2 is added:

35.2 The acknowledgments in Section 35.1 in no way constitute a release, estoppel or waiver by you of your rights under the Maryland Franchise Registration and Disclosure Law.

- (f) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

FRANCHISEE:

Printed Name: _____

Date Signed: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

THIS RIDER is entered into by Commission Express National, Inc., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____ (“you” or “your”).

1. The 3rd sentence of Section 9.1(a) is modified to replace “in our sole and absolute right” with “in our good faith judgment.”
2. Section 11.2 (a) is modified to replace “at a location designated by us” with “at our headquarters in Fairfax, Virginia.”
3. Section 19.9 is modified to replace “entitle us to” with “entitle us to apply for”.
4. The 2nd sentence of Section 21.5 is modified to replace “You accordingly consent to the” with “You accordingly consent to the application for the”.
5. The following Section 21.11 is added.

21.11 We and you agree that if a panel of arbitrators selected under Section 32 or a court of competent jurisdiction finds that you had proper grounds for terminating the franchise with cause under Section 26.4, you will be relieved of your post-termination obligations under Sections 21.3 and 21.4(b).

6. Section 24.1 is modified to include the following sentence:

However, we will not be required to hold harmless or indemnify you for any claim arising out of a breach of this Agreement by you or any other civil wrong by you.
7. Section 24.2 is modified to include the following sentence:

However, you will not be required to hold harmless or indemnify us for any claim arising out of a breach of this Agreement by us or any other civil wrong by us.
8. Section 25.1 is modified to include the following sentence:

However, we will not make any such transfer or assignment except to a person who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.
9. Section 25.2 (b) (iv) is modified by adding the following proviso:

, but all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso

that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

10. Section 28.3 is modified to include the following sentence:

No amendment or modification of any provision of this Agreement, however, will impose any new or different requirement which unreasonably increases your obligations or places an excessive economic burden on your operations.

11. Section 29.6 is modified to include the following language:

The foregoing choices of law will not be a waiver of any right conferred on you or us by the General Business Law of the State of New York, Article 33.

12. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

FRANCHISEE:

Printed Name: _____

Date Signed: _____

OHIO STATE RIDER TO THE FRANCHISE AGREEMENT

(For Ohio Franchisee Only)

Notice of Cancellation

_____ (Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to John Stedman, 8306 Professional Hill Drive, Fairfax, Virginia 22031, or an e-mail to John Stedman at jstedman@commissionexpress.com, not later than midnight of _____ (enter date five business days from the date of transaction).

I hereby cancel this transaction.

(Date)

(Purchaser's Signature)

{PAGE INTENTIONALLY LEFT BLANK}

OHIO STATE RIDER TO THE FRANCHISE AGREEMENT

(For Ohio Franchisee Only)

Notice of Cancellation

_____ (Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to John Stedman, 8306 Professional Hill Drive, Fairfax, Virginia 22031, an e-mail to John Stedman at jstedman@commissionexpress.com, not later than midnight of _____ (enter date five business days from the date of transaction).

I hereby cancel this transaction.

(Date)

(Purchaser's Signature)

{PAGE INTENTIONALLY LEFT BLANK}

VIRGINIA RIDER TO FRANCHISE AGREEMENT

THIS RIDER is entered into by Commission Express National, Inc., a Virginia corporation with its principal office at 8306 Professional Hill Drive, Fairfax, Virginia 22031 (“CEN”, “we”, “us” or “our”), and _____ whose address is _____ (“you” or “your”).

Section 9.1 is amended to add the following language:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

FRANCHISEE:

Printed Name: _____
Date Signed: _____

**STATE RIDER TO FRANCHISE AGREEMENT FOR
INDIANA, MICHIGAN, AND WISCONSIN**

The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Each of the undersigned agrees to the terms of this Rider.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

FRANCHISEE:

Printed Name: _____
Date Signed: _____

INITIALS: FRANCHISOR _____
 FRANCHISEE _____

MINIMUM GROSS INCOME QUOTA: During the initial term of the Franchise, the minimum Gross Income quotas that you must meet (non-cumulative from franchise year to franchise year) in accordance with Section 2.5 are as follows:

Year of Franchise	Minimum Gross Income Quota				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
1	\$20,000	\$10,000	\$5,000	\$5,000	\$10,000
2	\$60,000	\$30,000	\$15,000	\$15,000	\$30,000
3	\$100,000	\$50,000	\$25,000	\$25,000	\$50,000
4	\$140,000	\$70,000	\$35,000	\$35,000	\$70,000
5 and beyond	\$180,000	\$90,000	\$45,000	\$45,000	\$90,000

MINIMUM MONTHLY ROYALTY FEE: During the initial term of the Franchise, the minimum monthly royalty fees that you must pay to us in accordance with Section 9.2(a) are as follows:

Year of Franchise	Minimum Monthly Royalty Fees				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
1	\$270	\$135	\$70	\$450	\$550
2	\$360	\$180	\$90	\$450	\$550
3	\$450	\$225	\$110	\$450	\$550
4	\$540	\$270	\$130	\$450	\$550
5 and beyond	\$630	\$315	\$150	\$450	\$550

MINIMUM MONTHLY ADVERTISING FEE: During the initial term of the Franchise, the minimum monthly advertising fees that you must pay to us in accordance with Section 16.1 are as follows:

Year of Franchise	Minimum Monthly Advertising Fees				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
1	\$30	\$15	\$5	\$50	\$60
2	\$40	\$20	\$10	\$50	\$60
3	\$50	\$25	\$15	\$50	\$60
4	\$60	\$30	\$20	\$50	\$60
5 and beyond	\$70	\$35	\$25	\$50	\$60

* If we change the designation of your protected Development Territory in accordance with Section 2.2, you will thereafter be subject to (a) the minimum Gross Income quota; (b) the minimum monthly royalty fee; and (c) the minimum monthly advertising fee for the new designation as stated on Attachment 1 or 1A.

** If we subdivide your protected Development Territory in accordance with Section 2.3, for each of the new designations, you will thereafter be subject to (a) the minimum Gross Income quota; (b) the minimum monthly royalty fee; and (c) the minimum monthly advertising fees as stated in Attachment 1 or 1A.

***If we permit you to convert the type of franchise in accordance with Section 9.1(b)(1) or (2), you must sign a new Attachment 1 or 1A, and will thereafter be subject to (a) the minimum Gross Income quota;

(b) the minimum monthly royalty fee; and (c) the minimum monthly advertising fee for the new type of franchise and Development Territory designation as stated on a new Attachment 1 or 1A.

Each of the undersigned agrees to the terms of this Attachment.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

FRANCHISEE:

Printed Name: _____
Date Signed: _____

Attachment 1A
(for renewals; for conversions at year 11 and beyond)

RENEWAL AND CONVERSION ADDENDUM

DEVELOPMENT TERRITORY DESCRIPTION: In accordance with Section 2.1 or 2.4, your Development Territory is described as follows:

No county or part of a county is included in a Development Territory unless it is included as part of an entire state expressly named or the county is expressly named on this Attachment 1A.

INITIALS: FRANCHISOR _____
FRANCHISEE _____

RENEWAL AND CONVERSION FEE: In accordance with Section 9.8 if you are signing this Agreement as a renewal, or in accordance with Section 9.1(b) if you are signing this Attachment as a conversion, you must pay us a renewal or conversion fee as follows:

<u>Check One:</u>	<u>Development Territory</u>	<u>Renewal Fee</u>	<u>Conversion Fee</u>
<input type="checkbox"/>	Small Protected	\$500	\$5,000
<input type="checkbox"/>	Medium Protected	\$1,250	\$5,000
<input type="checkbox"/>	Large Protected	\$2,500	\$5,000
<input type="checkbox"/>	Medium Open Market	\$1,250	\$5,000
<input type="checkbox"/>	Large Open Market	\$2,500	\$5,000

INITIALS: FRANCHISOR _____
FRANCHISEE _____

MINIMUM GROSS INCOME QUOTA: In accordance with Section 2.5, the minimum Gross Income quotas that you must meet (non-cumulative from franchise year to franchise year) are as follows:

Year of Franchise	Minimum Gross Income Quota				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
11 and beyond	\$180,000	\$90,000	\$45,000	\$45,000	\$90,000

INITIALS: FRANCHISOR _____
FRANCHISEE _____

MINIMUM MONTHLY ROYALTY FEE: In accordance with Section 9.2(a), the minimum monthly royalty fees that you must pay to us are as follows:

Year of Franchise	Minimum Monthly Royalty Fees				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
11 and beyond	\$630	\$315	\$150	\$450	\$550

INITIALS: FRANCHISOR _____
FRANCHISEE _____

MINIMUM MONTHLY ADVERTISING FEE: In accordance with Section 16.1, the minimum monthly advertising fees that you must pay to us are as follows:

Year of Franchise	Minimum Monthly Advertising Fees				
	Large Protected	Medium Protected	Small Protected	Medium Open Market	Large Open Market
11 and beyond	\$70	\$35	\$25	\$50	\$60

INITIALS: FRANCHISOR _____
FRANCHISEE _____

PROFESSIONAL OFFICE LOCATION: In accordance with Section 5.2, the approved location for any professional office in your protected Development Territory is as follows:

INITIALS: FRANCHISOR _____
FRANCHISEE _____

CHANGE IN DESIGNATION OF DEVELOPMENT TERRITORY: You acknowledge that in accordance with Section 2.1, we may change the designation of any protected Development Territory annually and on renewal of the Franchise to conform to our then-current policies. If we change the designation of your protected Development Territory, you will thereafter be subject to the new designation's (1) minimum Gross Income quota; (2) minimum monthly royalty fee; and (3) minimum monthly advertising fee, as stated on this Attachment 1A.

INITIALS: FRANCHISOR _____
FRANCHISEE _____

SUBDIVISION OF DEVELOPMENT TERRITORY: You acknowledge that in accordance with Section 2.3, we may subdivide any protected Development Territory. If we subdivide your protected Development Territory, you will thereafter be subject to (1) the minimum Gross Income quota for each designation; (2) the minimum monthly royalty fee for each designation; and (3) the minimum fees for each new designation, as stated on this Attachment 1A.

INITIALS: FRANCHISOR _____
FRANCHISEE _____

CONVERSION OF TYPE OF FRANCHISE: You acknowledge that in accordance with Section 9.1(b), you may apply to convert the type of your franchise. If we, in our sole discretion, permit you to change the type of your franchise, based on the criteria stated in Section 9.1(b)(1) or (2), you must sign a new Attachment 1A and will thereafter be subject to the new territory designation's (1) minimum Gross Income quota; (2) minimum monthly royalty fee; and (3) minimum monthly advertising fee, as stated on your new Attachment 1A.

INITIALS: FRANCHISOR _____
FRANCHISEE _____

TERM OF FRANCHISE: If you are signing this Agreement as part of a renewal, Section 3.1 is amended to provide that because the Agreement is being executed in connection with a renewal of the Franchise, the Franchise will begin on the date the original Agreement expired and will continue for a renewal term of 5 years unless sooner terminated under Section 26. If you are signing this Attachment as part of a conversion, the term of the Franchise will remain the same unless sooner terminated under Section 26.

ESTABLISHMENT AND MAINTENANCE OF BUSINESS: If you are signing this Agreement as part of a renewal, Section 5.1 is amended to provide that you agree to continuously maintain the Franchised Business during the renewal term of the Franchise.

INITIAL FRANCHISE FEE: Section 9.1(a) is amended to specify that this Attachment is being executed as part of a renewal or conversation of the Franchise, and the initial franchise fee is waived.

TRAINING: Section 11.2(a) is amended to delete all references to initial training requirements, as you completed initial training during the initial term of the Agreement.

INSURANCE: If you are signing this Agreement as part of a renewal, Section 17.1 is amended to provide that you must continuously maintain, at your expense, the specified insurance coverages during the renewal term of the Franchise.

ACKNOWLEDGMENTS BY FRANCHISEE: Section 35.1(f) is deleted.

Each of the undersigned agrees to the terms of this Attachment.

FRANCHISOR:

COMMISSION EXPRESS NATIONAL, INC.

By: _____
Printed Name: _____
Title: _____
Date Signed: _____

FRANCHISEE:

Printed Name: _____
Date Signed: _____

Attachment 2

GUARANTY AGREEMENT

In consideration of, and as an inducement to, the approval by Commission Express National, Inc. (“we”, “us” or “our”) of the Franchise Agreement between us and _____ (“Franchisee”) executed _____ (the “Agreement”) each undersigned Guarantor (“you or “your”) personally and unconditionally (1) guarantees to us and our successors and assigns, for the term of the Franchise and thereafter as provided in the Agreement, that Franchisee will punctually pay or perform each obligation in the Agreement, and (2) agrees to be personally bound by, and personally liable for the default of, each term of the Agreement. Each of you waives:

- (1) our acceptance and notice of acceptance of these undertakings;
- (2) notice of demand for payment of any indebtedness or non-performance of any obligation guaranteed;
- (3) protest and notice of default to any party as to any indebtedness or non-performance of any obligation guaranteed;
- (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (5) any other notices and legal or equitable defenses to which you may be entitled.

Each of you agrees that:

- (1) your direct and immediate liability under this guaranty is joint and several;
- (2) you will render any payment or performance required under the Agreement on demand if Franchisee fails or refuses to do so punctually;
- (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchisee or any other person; and
- (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may grant to Franchisee or any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable for as long as any obligation in the Agreement remains in effect.

Each of you affixes your signature to this guaranty as of the same date as the date of execution of the Agreement.

GUARANTOR (Individually)

Name: _____

Home Address: _____

Percentage Ownership in Franchise: _____

GUARANTOR (Individually)

Name: _____

Home Address: _____

Percentage Ownership in Franchise: _____

Attachment 3

PROMISSORY NOTE

\$ _____, _____,
Fairfax, Virginia

FOR VALUE RECEIVED, the undersigned (“Maker”), promises to pay to the order of Commission Express National, Inc., or any successor or assign (“Payee”), the principal sum of \$ _____ and interest, due and payable as follows:

Option 1

Monthly payments of principal and interest in the amount of \$ _____, beginning _____, _____, and continuing on the 1st day of each month through _____, _____.

Option 2

Single payment of principal plus accrued interest in the amount of \$ _____, due on _____.

Interest will accrue on the unpaid principal balance outstanding at the rate of 10% per annum, and will be due and payable with each monthly payment or single payment in accordance with the above schedule.

All payments will be payable to Payee at 8306 Professional Hill Drive, Fairfax, Virginia 22031 or at such other address as Payee may from time to time designate in writing to Maker.

Maker may, at his/hers/its option, prepay this Note in whole or in part at any time or from time to time without premium or penalty.

Any payment required to be made under this Note which is not made on the date that it becomes due and payable will continue as an obligation of Maker until it is fully paid. Maker understands and agrees that if Maker fails or defaults in making payment of any monthly payment of principal and interest when due, or if any representation of Maker in this Note at any time proves to be materially inaccurate, misleading or incomplete, or if Maker’s franchise agreement expires or is terminated, then Payee may, at its option, with 10 days’ prior written notice and demand, declare all unpaid principal and interest immediately due and payable, and pursue any and all other rights, remedies and recourses available to Payee. Payee will have the right to rescind any acceleration in the payment of this Note for default as aforesaid, if Payee so elects, in which event this Note will be construed, interpreted and enforced in the same manner as if Payee had never elected to declare the unpaid principal and interest at once due and payable.

Maker represents, warrants and covenants that this Note has been duly authorized, executed and delivered by Maker, and that this Note constitutes the legal, valid and binding obligation of Maker, fully enforceable against Maker in accordance with its terms.

Maker understands and agrees that if Payee incurs any expenses or uses any collection agent and/or attorney at law in the collection or attempted collection of this Note, Maker will pay

and be liable for, in addition to principal and interest, all of said expenses, including reasonable attorneys' fees.

Maker authorizes any attorney at law to appear for Maker before any court having jurisdiction, within the United States or elsewhere, and after 1 or more declarations filed, confess judgment against Maker as of any time after any sum is due under this Note (whether by demand, stated maturity, acceleration or otherwise) for unpaid principal and interest due under this Note, with court costs, expenses and attorneys' fees of 15% of the total amount then due; provided, however, that if actual attorneys' fees exceed 15%, whether by reason of judgment being contested or otherwise, Payee may recover all reasonable attorneys' fees actually incurred.

Failure of Payee to exercise any of the foregoing options upon the happening of 1 or more of the foregoing events will not constitute a waiver of the right of Payee to exercise the same or any other option at any subsequent time in respect to the same or any other event, and no single or partial exercise by Payee of any right or remedy will preclude other or further exercise of the same or any other right or remedy. Payee will have no duty to exercise any or all of the rights and remedies herein provided or contemplated. The acceptance by Payee of any payment under this Note that is less than payment in full of all amounts due and payable at the time of such payment will not constitute a waiver of the right to exercise any of the foregoing options at that time or at any subsequent time, or nullify any prior exercise of any such option without the express written consent of Payee.

Maker (if not a COMMISSION EXPRESS franchisee) waives protest, presentment and notice of dishonor. Maker (if not a COMMISSION EXPRESS franchisee) also agrees that the time of payment of principal and interest under this Note may be extended from time to time without notice to Maker, and without releasing any of the rights or securities of Payee.

If 2 or more Makers sign this Note, each Maker agrees to be jointly and severally bound by each representation, warranty, covenant and agreement by Maker in this Note.

This Note will be governed and construed according to the laws of the Commonwealth of Virginia, and Maker voluntarily consents to the jurisdiction and venue of any proceeding to enforce any of its obligations under this Note which is brought in any state or federal court in the Commonwealth of Virginia. Time is of the essence for all purposes under this Note.

It is expressly stipulated and agreed that the loan evidenced by this Note is a commercial loan for business purposes, and is not for personal, family or household purposes.

IN TESTIMONY WHEREOF, Maker has set his/hers/its hand and adopted as his/hers/its seal the word "SEAL" appearing beside his/hers/its name, on the day and year first above written.

ATTEST:

MAKER:

Witness

By: _____ {SEAL}
Name/: _____

Witness

MAKER:

By: _____ {SEAL}
Name: _____

Witness

MAKER:

By: _____ {SEAL}

Attachment 4

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(For use by Franchisee with Manager/Management Employee or Independent Contractor)

THIS CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (“Agreement”) is entered into by and between _____

(“we”, “us” or “our”) and _____ (“you”, “your” or “yourself”).

WHEREAS, we operate a COMMISSION EXPRESS franchised business (“Franchised Business”) under a franchise agreement (“Franchise Agreement”) with Commission Express National, Inc. (“CEN”); we desire to engage or employ you, and you desire to be engaged or employed by us, in connection with our Franchised Business.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree:

1. Covenants Not to Disclose; Covenants Not to Compete. You acknowledge that certain methods of doing business and other elements comprising the COMMISSION EXPRESS system (“System”) are distinctive and/or proprietary, and have been developed by CEN at great effort, skill, time and expense; that you will have regular and continuing access to valuable trade secrets, confidential information and valuable training regarding the System; and that you recognize your obligation to promote and develop our Franchised Business. You accordingly agree as follows:

(a) Except as required in duties performed for us, you will never, either during or after the term or engagement or employment, either directly or indirectly, use, or disseminate or disclose to any person or entity, any trade secrets or confidential information, including customer names, other customer information and business methods, of CEN or us, and will always seek to preserve the confidentiality of those trade secrets and confidential information.

(b) During your engagement or employment, you will not, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, divert or attempt to divert any business or customer of ours to any other person by direct or indirect inducement or otherwise, but this Section will not prevent you from referring customers in good faith to other businesses, including competitors’ businesses, that may be able to provide those customers with services or products not available from our Franchised Business.

(c) During your engagement or employment and for 1 year after the later of: 1) termination of your engagement or employment, regardless of the cause of termination, or 2) the date of final judgment or order of any court or tribunal that enforces this Agreement, you will not, without the prior written consent of us and CEN, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, engage or seek to engage as an independent contractor or employ or seek to employ any person who, within the preceding 6 months, has been an independent contractor or employee of CEN, us or any other CEN franchisee.

(d) During your engagement or employment, you will not, without the prior written consent of us and CEN, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity, own, maintain, engage in, have any interest in or perform any service for any business other than us located in the United States that offers or that franchises or licenses others to offer, services or products that are the same as or substantially similar to services and products offered by us or CEN.

(e) For 1 year after the later of: 1) termination of your engagement or employment, regardless of the cause of termination, or 2) the date of final judgment or order of any court or tribunal that enforces this Agreement, you will not, without the prior written consent of us and CEN, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity, own, maintain, engage in, have any interest in or perform any service for any business which offers, or which franchises or licenses others to offer, services or products that are the same as or substantially similar to the services or products that were or could have been offered by us or CEN when you were engaged or employed, and which operates: 1) in our Development Territory, or 2) in the Development Territory of any other COMMISSION EXPRESS Franchised Business operating or in planning at the time of termination.

(f) You acknowledge that we may, if required by us in our sole and absolute right, reduce the scope of any term or subpart of this Section 1 without your consent, effective immediately on written notice from us, and you agree that you will promptly comply with any term or subpart so reduced, which will be fully enforceable notwithstanding any other term or subpart of this Agreement.

(g) Notwithstanding anything in the contrary in this Agreement, the terms of this Section 1 will not apply to your ownership of less than a 5% beneficial interest in the outstanding equity securities of any publicly-held corporation.

2. Covenants As Independent and As Conditions Precedent to Engagement or Employment. Your covenants in Section 1 are independent of any other terms of this Agreement, and are conditions precedent to engagement or employment. Any claim or cause of action against us or CEN, whether predicated on this Agreement or otherwise, will not be a defense to the enforcement by us or CEN of the covenants in Section 1.

3. Covenants Concerning Our Property and CEN Property. You agree that all our records, including records of our customers and all other records relating in any manner to our COMMISSION EXPRESS business, whether prepared by you or otherwise coming into your possession, are the exclusive property of us or CEN (as determined by CEN). Additionally, you agree that all files, records, documents, drawings, specifications and similar items relating to our COMMISSION EXPRESS business, including all copies of those items, whether prepared by you or otherwise coming into your possession, will not be removed by you from our premises without our prior written consent. Any records not at our premises will immediately be returned to us by you on termination of your engagement or employment, regardless of the cause of termination.

4. Severability. If a part of a covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency, you agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. If an entire covenant in this

Agreement is held invalid, unreasonable or unenforceable by a court or agency, the remaining covenants in this Agreement will continue in effect.

5. Injunctive Relief. You acknowledge that CEN is a third-party beneficiary under this Agreement and may enforce this Agreement. You acknowledge that your violation of any term of this Agreement will cause irreparable injury to us and CEN for which no adequate remedy at law is available. Therefore, you agree that we or CEN, in addition to other legal and equitable rights and remedies, will be entitled to temporary, preliminary or permanent injunctive relief, without bond, restraining any actual or threatened violation by you of any covenant in this Agreement. You agree that any claim you may have against us or CEN, whether or not related to the Franchised Business, will not be a defense to the enforcement by us or CEN of any term of this Agreement.

6. Attorneys' Fees. In any legal action for damages, injunctive relief, the return of property or any other legal or equitable remedy, you agree to pay our or CEN's reasonable attorneys' fees, court costs and reasonable out-of-pocket costs related to the action.

7. Governing Law. This Agreement will be governed by the laws of the state in which our principal business office is located on the date of execution of this Agreement.

8. Binding Effect. This Agreement will be binding on the parties, and their heirs, executors, administrators, successors and assigns.

9. Modification. This Agreement may not be modified except in written agreement of at least equal formality signed by the parties.

The undersigned agree to the terms of this Agreement on the date indicated below.

MANAGER/MANAGEMENT EMPLOYEE OR INDEPENDENT CONTRACTOR

Printed Name: _____

Date: _____

COMPANY

Printed Name: _____

Title: _____

Date: _____

Attachment 5

LEGAL ENTITY INFORMATION SHEET

Name and Type of Legal Entity: _____

State/Date of Formation: _____

Shareholders/Members/Partners: _____

% Interest	Class/General or Limited Partner/Member	Name
------------	--	------

% Interest	Class/General or Limited Partner/Member	Name
------------	--	------

% Interest	Class/General or Limited Partner/Member	Name
------------	--	------

% Interest	Class/General or Limited Partner/Member	Name
------------	--	------

% Interest	Class/General or Limited Partner/Member	Name
------------	--	------

Documents:

	<u>Not Required</u>	<u>Provided to Us</u>	<u>To Provide Within 30 Days</u>
Certificate and Articles of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificate and Agreement of Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificate and Articles of Organization (LLC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By-Laws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution Authorizing Franchise Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Operating Agreement (LLC)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Conditions:

The legal entity's activities must be confined exclusively to operating the Franchised Business.

_____ (or another person with our written consent) must act as the legal entity's principal operating officer, member or partner.

Each principal officer of the legal entity, and each shareholder, member, partner or other beneficial owner with at least a 5% ownership interest in the legal entity, must personally guarantee Franchisee's obligations under the Franchise Agreement, and also must agree to be personally bound by, and personally liable for breach of, every term of the Franchise Agreement.

The legal entity must maintain stop transfer instructions against transfer on its records of any stock certificate, membership certificate, certificate of interest or other evidence of ownership contrary to the terms of Section 25 of the Franchise Agreement.

Each stock certificate, membership certificate, certificate of interest or other evidence of ownership must include the statement specified in Section 25.4 of the Franchise Agreement.

The legal entity must maintain a current list of all shareholders, members, partners and other beneficial owners, and must furnish the list to us on request.

Attachment 6

TRANSFER OF SERVICE CONSENT AND AUTHORIZATION

If my COMMISSION EXPRESS Franchise is transferred, terminated, expires or is not renewed for any reason, I hereby irrevocably appoint and designate COMMISSION EXPRESS NATIONAL, INC. as my attorney-in-fact to: (1) direct any telephone company to change, transfer and/or terminate any and all listed telephone numbers used in conjunction with the Franchised Business or using the Marks, and (2) direct any Internet service provider or comparable Internet authority to change, transfer and/or terminate any email addresses, domain names, social media or other comparable electronic identities relating to the Franchise or using of the Marks. I hereby agree that COMMISSION EXPRESS NATIONAL, INC. may execute any legal document on my behalf to carry out the intent of this consent and authorization. I also hereby agree to execute any additional documents necessary to carry out the intent of this consent and authorization.

FRANCHISEE:

Printed Name: _____
Title (if any): _____

{FOR USE BY NEW CUSTOMER ONLY}

I hereby assume and agree to pay all charges outstanding on the following:

telephone number(s): _____

domain name(s): _____

email address(es): _____

social media platform(s): _____

other electronic identifier(s): _____

New Customer's Signature

Printed Name of New Customer

Attachment 7

SAMPLE GENERAL RELEASE
(for transfers)

This GENERAL RELEASE is made and executed by **NAME**, individually (“you”), as of _____ (“Effective Date”).

WHEREAS, _____, a _____ corporation (“us”) and you entered into a franchise agreement dated _____, and {describe facts}.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasor”), hereby release and forever discharge us and each of our predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasees”), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasor ever had, now has or which Releasees hereinafter can, shall or may have, for, upon or by reason of any matter, cause or thing may whatsoever, through the Effective Date.

{FOR CALIFORNIA RESIDENTS}

YOU ACKNOWLEDGE THAT YOU ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

YOU, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF YOUR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR {JURISDICTIONS OF FRANCHISEE(S)’ RESIDENCE AND LOCATION OF FRANCHISED UNITS}.

Attachment 8

**REQUEST FOR TRANSCRIPT OR TAX RETURN CONSENT AND
AUTHORIZATION**

I hereby irrevocably appoint and designate COMMISSION EXPRESS NATIONAL, INC. as my attorney-in-fact to sign the Department of Treasury Internal Revenue Service Form 4506-T or 4506 to obtain a transcript copy of a federal tax return filed on behalf of Franchisee. I hereby agree that COMMISSION EXPRESS NATIONAL, INC. may execute any legal document on my behalf to carry out the intent of this consent and authorization. I also hereby agree to execute any additional documents necessary to carry out the intent of this consent and authorization.

FRANCHISEE:

Printed Name: _____

Title (if any): _____

EXHIBIT C

**FRANCHISEES
AS OF DECEMBER 31, 2024**

<i>ARIZONA</i>		
For Real Estate Agents 20280 N. 59th Ave., #115-442 Glendale, AZ 85308	602-730-1866	Ruff Diamond Investment, LLC Lisa Behie
<i>CALIFORNIA</i>		
Advance CA 3739 Cibola Court Chino Hills, CA 92069	760-410-8066	Precision Business Consulting, LLC James Cooper
Advantage 100 E. San Marcos Blvd. Ste. 400 San Marcos, CA 92039	760-410-8066	Precision Business Consulting, LLC James Cooper
Los Angeles 12121 Wilshire Blvd, Ste 810 Los Angeles, CA 90025	310-853-2274	AJ Factors, LLC. Alex Massachi
Silicon Valley 48834 Kato Rd. Ste. 101-A Fremont, CA 94538	650-383-8246	JP Factoring, LLC Jing Jang
<i>CONNECTICUT</i>		
Connecticut 20c Del Carmine St. Ste. 101 Wakefield, MA 01880	203-487-3900	NMR Factoring, LLC Bill Mandell
<i>FLORIDA</i>		
Central Florida 429 N. Barfield Dr. Marco Island, FL 34145	888-223-5755	Rapid Funds, LLC Jason Musinger
Florida Atlantic 928 S. Dixie Hwy Unit 417 Lantana, FL 33462	561-288-0839	LFG & Associates, LLC Blake Levy
North Florida 1301 Cunningham Creek Drive Saint Johns, FL 32259	904-238-5541	Fruit Cove Investment, Inc. Don Mulinax
Southwest Florida 429 N. Barfield Dr. Marco Island, FL 34145	888-223-5755	Rapid Funds, LLC Jason Musinger
West Florida 429 N. Barfield Dr. Marco Island, FL 34145	888-223-5755	Rapids Funds, LLC Jason Musinger
<i>IDAHO</i>		
Northwest 401 Broadway Ste. 304 Tacoma, WA 98402	206-829-2440	Palouse Funding Inc. Mabel Chin
<i>ILLINOIS</i>		
Platinum 922 Davis St. Evanston, IL 60201	847-448-0237	DEM Investments, Inc. Doug Mandeville

<i>KENTUCKY</i>		
Kentuckiana 119 S. Sherrin Ave. Ste. 110 Louisville, KY 40207	502-897-0041	Hillard Financial, LLC Randy Deaton
<i>MARYLAND</i>		
Family 2131 York Road, Suite 1039 Timonium, MD 21093	410-630-9066	Family Financial, LLC Jason Horwitz
<i>MASSACHUSETTS</i>		
Greater Boston 20c Del Carmine St. Ste. 101 Wakefield, MA 01880	617-795-2232	NMR Factoring, LLC Bill Mandell
<i>MICHIGAN</i>		
S. E. Michigan P.O. Box 312 Holly, MI 48442	888-223-5755	Rapid Funds, LLC Jason Musinger
<i>MINNESOTA</i>		
Minnesota 3121 Saint Croix Trail S Afton, MN 55001	651-738-0762	Delacy Investments, Inc. Eric Delacy Cindy Delacy
<i>NEVADA</i>		
Aces 500 N. Rainbow Blvd. Ste 300 Las Vegas, NV 89107	800-836-7960	AJ Factors, LLC Alex Massachi
Advance 2319 Icarus Dr. Henderson, NV 89074	760-410-8066	Precision Business Consulting, LLC James Cooper
<i>NEW JERSEY</i>		
Central New Jersey 1 Church St. P.O. Box 301 Oldwick, NJ 08858	201-355-2292	JLC Central, LLC Jesse Cohen
Northern New Jersey 1 Church St. P.O. Box 301 Oldwick, NJ 08858	201-355-2292	JLC North, LLC Jesse Cohen
Southern New Jersey 1 Church St. P.O. Box 301 Oldwick, NJ 08822	201-355-2292	JLC South, LLC Jesse Cohen
<i>NEW YORK</i>		
New York 1 Church St. P.O. Box 301 Oldwick, NJ 08822	718-847-8600	JLCNANY, LLC Jesse Cohen
NY-Capital Area 1427 Monroe Ave. Rochester, NY 14618	585-271-7788	Rapid Funds, LLC Jason Musinger
Western New York 1427 Monroe Ave. Rochester, NY 14618	585-271-7788	Rapid Funds, LLC Jason Musinger

<i>NORTH CAROLINA</i>		
Central Carolina 717 Green Valley Rd. Suite 200 Greensboro, NC 27408	866-711-3116	Jees Corp., Inc. Emilio Kraizel
Charlotte 2035 Kingsley Dr. Albamarle, NC 28001	866-711-3116	Jees Corp., Inc. Emilio Kraizel
Triangle 508 Southgate Drive Blacksburg, VA 24060	540-250-7075	Zach Williams LLC Zach Williams
<i>OKLAHOMA</i>		
Oklahoma 8990 South Sheridan Rd Ste B-211 Tulsa, OK 74133	918-710-0222	DEM Factors, Inc. Doug Mandeville
<i>SOUTH CAROLINA</i>		
South Carolina 508 Southgate Drive Blacksburg, VA 24060	540-250-7075	Zach Williams LLC Zach Williams
<i>TENNESSEE</i>		
Music City 4235 Hillsboro Pike Ste. 300 Nashville, TN 37215	615-378-5551	Music City Factoring, LLC David Kroll
<i>TEXAS</i>		
Houston 7324 Southwest Frwy. Ste. 1437 Houston, TX 77074	713-223-2800	Forthright Real Estate Investments, LLC Chris Heasley
Lone Star 5501A Balcones Dr. Ste. 312 Austin, TX 78731	512-970-8204	Scarfire, LLC Josh Bohls
<i>VIRGINIA</i>		
Greater Virginia 508 Southgate Drive Blacksburg, VA 24060	540-250-7075	Dwell Check LLC Daniel Wheeler
Northern Virginia* 8306 Professional Hill Dr. Fairfax, VA 22031	703-560-5500	Commission Express, Inc. John Stedman
Hampton Roads 508 Southgate Drive Blacksburg, VA 24060	540-250-7075	Zach Williams LLC Zach Williams
<i>WASHINGTON</i>		
Northwest 401 Broadway Ste. 304 Tacoma, WA 98402	206-829-2440	Washington Pacific Funding Inc. Mabel Chin

* Owned by an affiliate of franchisor.

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

**FRANCHISEE(S) WITH FRANCHISE AGREEMENT(S) SIGNED
BUT OUTLET(S) NOT OPEN AS OF DECEMBER 31, 2024**

None

EXHIBIT D

FORMER FRANCHISEES

(LEFT SYSTEM IN 2024)

Ceased Operations for Other Reasons

Kimberly Sheehy
Cincinnati, OH 45243
513-600-3053

*William Mandell
Wakefield, MA 01880
617-795-2232

Navdeep Sharma
Greenwood Village, CO 08112
720-300-3857

John Cilmi
Miami, FL 33131
305-200-8881

Robert Slattery
Southlake, TX 76092
817-776-2326

Terminated

None

Transferred

Ben Kaniut
Anchorage, AK 99516
907-644-4947

* This franchisee closed 2 franchised outlets in 2024. One operated in New Hampshire and the other in Rhode Island.

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

EXHIBIT E
FINANCIAL STATEMENTS



COMMISSION EXPRESS NATIONAL, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

	<u>Page Numbers</u>
Independent Auditor's Report.....	1-2
Balance Sheets.....	3-4
Statements of Income.....	5
Statements of Stockholders' Equity (Deficit).....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-12



Independent Auditor's Report

To the Board of Directors and Stockholders
COMMISSION EXPRESS NATIONAL, INC.

Opinion

We have audited the accompanying financial statements of COMMISSION EXPRESS NATIONAL, INC. (a Virginia corporation), which comprise the balance sheets as of December 31, 2024 and 2023, the related statements of income, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COMMISSION EXPRESS NATIONAL, INC. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

1801 Porter Street, Suite 500 Baltimore, MD 21230 410.685.5512 800.899.4623 f: 410.752.5042	12150 Monument Drive, Suite 800 Fairfax, VA 22033 703.591.7200 f: 703.591.2858	www.gma-cpa.com	
---	--	-----------------	--

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Gross, Mendelsohn & Associates, P.A.

Fairfax, Virginia
May 12, 2025

COMMISSION EXPRESS NATIONAL, INC.
Balance Sheets
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and restricted cash	\$ 24,096	\$ 83,935
Accounts receivable	81,491	49,290
Prepaid expenses	-0-	681
Total Current Assets	<u>105,587</u>	<u>133,906</u>
Property and Other Assets		
Property, net	6,585	18,076
Deposits	2,050	2,050
Total Property and Other Assets	<u>8,635</u>	<u>20,126</u>
Total Assets	<u>\$ 114,222</u>	<u>\$ 154,032</u>

	<u>2024</u>	<u>2023</u>
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued expenses	\$ 24,431	\$ 49,156
Dividends payable	12,400	12,400
Income taxes payable	29,568	33,490
Total Current Liabilities	<u>66,399</u>	<u>95,046</u>
Non-Current Liabilities		
Notes payable - stockholders	315,000	315,000
Notes payable	10,000	10,000
Deferred income tax liability	1,400	4,000
Total Non-Current Liabilities	<u>326,400</u>	<u>329,000</u>
Total Liabilities	<u>392,799</u>	<u>424,046</u>
Commitments and Contingencies (Notes 7 and 8)		
Stockholders' Equity (Deficit)		
Class B preferred stock, \$0.10 par value (non-voting)		
Authorized - 750 shares		
Issued and outstanding - 560 shares	56	56
Class C preferred stock, \$0.10 par value (non-voting)		
Authorized - 750 shares		
Issued and outstanding - 40 shares	4	4
Class A common stock, \$0.10 par value		
Authorized - 1,500 shares		
Issued and outstanding - 1,400 shares	140	140
Additional paid-in capital	757,440	757,440
Total paid-in capital	757,640	757,640
Accumulated deficit	(1,036,217)	(1,027,654)
Total Stockholders' Equity (Deficit)	<u>(278,577)</u>	<u>(270,014)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 114,222</u>	<u>\$ 154,032</u>

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

COMMISSION EXPRESS NATIONAL, INC.
Statements of Income
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue		
Royalties	\$ 396,520	\$ 421,750
Software upgrade and background check fees	30,004	29,377
Advertising fund fees	44,022	49,499
Franchise licensing and transfer fees	88,650	74,250
Management fees	500	34,551
Total Revenue	<u>559,696</u>	<u>609,427</u>
Operating Expenses		
Payroll	166,346	158,125
Professional services	65,640	67,373
Advertising and promotion	41,233	36,370
Insurance	9,306	20,748
Facilities	16,756	32,536
Dues and subscriptions	40,894	30,237
Office expense	38,907	36,328
Employee benefits	23,113	23,195
Taxes and licenses	16,616	45,058
Depreciation and amortization	11,491	12,410
Automotive expense	19,138	16,397
Telephone and utilities	9,080	10,001
Meeting and conference	8,291	4,682
Total Operating Expenses	<u>466,811</u>	<u>493,460</u>
Income from Operations	<u>92,885</u>	115,967
Other Income (Expense)		
Interest expense	<u>(30,976)</u>	(32,063)
Income before Income Taxes	61,909	83,904
Provision for Income Taxes	<u>20,872</u>	32,932
Net Income	<u>\$ 41,037</u>	<u>\$ 50,972</u>

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

COMMISSION EXPRESS NATIONAL, INC.
Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2024 and 2023

	Class B Preferred Stock		Class C Preferred Stock		Class A Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances - January 1, 2023	560	\$ 56	40	\$ 4	1,400	\$ 140	\$ 757,440	\$ (1,029,026)	\$ (271,386)
Net income for the year ended December 31, 2023		-0-		-0-		-0-		50,972	50,972
Dividends:									
Class B preferred stock		-0-		-0-		-0-		(33,600)	(33,600)
Class C preferred stock		-0-		-0-		-0-		(16,000)	(16,000)
Total Dividends		-0-		-0-		-0-		(49,600)	(49,600)
Balances - December 31, 2023	560	56	40	4	1,400	140	757,440	(1,027,654)	(270,014)
Net income for the year ended December 31, 2024		-0-		-0-		-0-		41,037	41,037
Dividends:									
Class B preferred stock		-0-		-0-		-0-		(33,600)	(33,600)
Class C preferred stock		-0-		-0-		-0-		(16,000)	(16,000)
Total Dividends		-0-		-0-		-0-		(49,600)	(49,600)
Balances - December 31, 2024	560	\$ 56	40	\$ 4	1,400	\$ 140	\$ 757,440	\$ (1,036,217)	\$ (278,577)

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

COMMISSION EXPRESS NATIONAL, INC.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Net income	\$ 41,037	\$ 50,972
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,491	12,410
Deferred income tax benefit	(2,600)	(600)
Change in operating assets and liabilities:		
Accounts receivable	(32,201)	(2,852)
Prepaid expenses	681	(86)
Accounts payable and accrued expenses	(24,725)	34,824
Income taxes payable	(3,922)	32,923
Net Cash Provided by (Used by) Operating Activities	<u>(10,239)</u>	<u>127,591</u>
Cash Flows from Investing Activities		
Purchases of property	<u>-0-</u>	<u>(300)</u>
Cash Flows from Financing Activities		
Preferred dividends paid	<u>(49,600)</u>	<u>(49,600)</u>
Net Increase (Decrease) in Cash and Restricted Cash	(59,839)	77,691
Cash and Restricted Cash at Beginning of Year	<u>83,935</u>	<u>6,244</u>
Cash and Restricted Cash at End of Year	<u>\$ 24,096</u>	<u>\$ 83,935</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ 30,976</u>	<u>\$ 29,706</u>
Income taxes paid	<u>\$ 27,394</u>	<u>\$ 609</u>

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

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies

COMMISSION EXPRESS NATIONAL, INC. (the Company) was incorporated under the laws of the Commonwealth of Virginia on March 30, 1994. The Company sells and supports franchises that factor real estate commissions in all major markets throughout the United States of America. The accounting and reporting policies of the Company conform to generally accepted accounting principles (GAAP). Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Restricted Cash: The Company maintains a restricted cash account that consists of advertising funds collected from franchises reserved to market and promote the Company brand nationally. The following provides a summary of the cash and restricted cash reported on the Balance Sheets and on the Statements of Cash Flows.

	2024	2023
Cash	\$ 16,744	\$ 69,073
Restricted cash	7,352	14,862
Total cash and restricted cash shown on the Balance Sheets and Statements of Cash Flows	\$ 24,096	\$ 83,935

Accounts Receivable: Accounts receivable consists mostly of monthly invoices for royalty and advertising fund fees and annual software upgrade and background check fees. Royalty and advertising fund fees are billed on a monthly basis in arrears and collected within 30 days. Software upgrade and background check fees are billed after year-end and received within 90 days. Amounts not collected within 30 days for royalty and advertising fund fees and 90 days for software upgrade and background check fees are considered past due. Accounts receivable are recorded at their estimated collectible amounts based on contract prices when the unconditional right to payment is obtained under the franchisee contract. Provision is made for credit losses based on management's analysis of expected collection losses. Expected collection losses are determined from a review of outstanding accounts receivable, historical collection experience, existing economic conditions and reasonable and supportable forecasts of future events. Collateral or other security is not required to support accounts receivable. Accounts receivables are written-off by management when, in their determination, all collection efforts have been exhausted. The Company did not incur any bad debt expense, and did not establish any provision for credit losses for the years ended December 31, 2024, 2023 and 2022. The accounts receivable balance as of December 31, 2022, was \$46,438.

Property and Depreciation: Property is stated at cost less accumulated depreciation and amortization. It is the Company's policy to capitalize all property with costs in excess of \$1,000 and having useful lives that are longer than one year. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of the assets are capitalized.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Computer software and website development costs	5 years
Automotive equipment	5 years
Office furniture and equipment	5-7 years

Revenue Recognition: The Company recognizes revenue under Financial Accounting Standards Board Accounting Standards Update 2021-02, *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, which permits recognition of pre-services as a single performance obligation.

The Company has contracts with franchisees that are generally accounted for as a single performance obligation in accordance with the Practical Expedient. The Company recognizes all initial franchise fee revenue when the agreed upon pre-opening obligation to the franchisee is substantially completed and the franchisee has completed training. The pre-opening services and products provided by the Company to the franchisee are readily measurable and the initial franchise fee approximates the value of those services and products. Royalties and revenue from sources other than franchise fees, which are based on the current revenue of franchises as reviewed by the Company from software generated reports by the franchisees, are recognized as earned on a monthly basis as determined under the franchise agreement.

Advertising: Advertising costs are expensed as incurred.

Income Taxes: The provision for income taxes is based on reported income before income taxes and differs from the amounts currently payable because certain items of income and expense are recognized in different years for financial reporting purposes than for income tax purposes. Deferred income taxes and deferred income tax benefits are provided to reflect the tax effect of these temporary differences between financial and income tax reporting. The federal and state income tax returns of the Company are subject to examination by the Internal Revenue Service (IRS) and state tax authorities, generally for a period of three years after the returns are filed.

Subsequent Events: In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 12, 2025, the date the financial statements were available to be issued. During the period from January 1, 2025 to May 12, 2025, the Company did not have any material recognizable subsequent events.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2024 and 2023

Note 2: Property

Property consisted of the following at December 31, 2024 and 2023:

	2024	2023
Computer software and website development costs	\$ 122,437	\$ 122,437
Automotive equipment	27,844	27,844
Office furniture and equipment	14,098	14,098
Total Cost	164,379	164,379
Less: Accumulated depreciation and amortization	(157,794)	(146,303)
Net Property	\$ 6,585	\$ 18,076

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$11,491 and \$12,410, respectively.

Note 3: Notes Payable

The Company has two notes payable to an individual in the total amount of \$10,000 as of December 31, 2024 and 2023. The notes bear interest at 10% per annum and require interest-only payments monthly. The notes are due to mature in March 2027.

Note 4: Capital Stock

Class B Preferred Stock: Holders of Class B preferred stock do not have any voting rights in the Company. The Company pays annual preferred dividends of \$60 per share for holders of Class B preferred stock, paid on a quarterly basis. The dividends are not cumulative.

Class C Preferred Stock: Holders of Class C preferred stock do not have any voting rights in the Company. The Company pays annual preferred dividends of \$400 per share for holders of Class C preferred stock, paid on a quarterly basis. The dividends are not cumulative.

After the preferred dividends are paid, any additional dividends declared by the Board of Directors are shared between common stock, Class B preferred stock, and Class C preferred stock on a pro-rata basis. As of December 31, 2024 and 2023, the Company owed dividends to preferred stockholders of \$12,400.

Note 5: Initial Franchise Licensing Fee Revenues

The Company recognized franchise licensing and transfer fees of \$88,650 and \$74,250 as revenue for the years ended December 31, 2024 and 2023, respectively. Initial franchise licenses sold for the years ended December 31, 2024 and 2023 totaled four and two, respectively.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2024 and 2023

Note 6: Income Taxes

The provisions for income taxes for the years ended December 31, 2024 and 2023 consist of the following components:

	2024	2023
Federal and state income taxes currently payable	\$ 23,472	\$ 33,532
Deferred income tax benefit	(2,600)	(600)
Total provision for income taxes	\$ 20,872	\$ 32,932

Certain expenses incurred during the years ended December 31, 2024 and 2023 totaling approximately \$8,900 and \$43,100, respectively, were not deductible for income tax purposes. As of December 31, 2024 and 2023, the Company has no net operating loss carryforward.

Following is a summary of the tax effects of the temporary differences between financial and income tax accounting that give rise to the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023:

	2024	2023
Deferred tax liabilities:		
Depreciation methods	\$ (1,400)	\$ (4,000)

The Company computes deferred income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements.

Note 7: Related Party Transactions

Notes Payable - Stockholders: The Company has various notes payable to its stockholders that bear interest at either 7% or 10% and require interest-only payments monthly. The total outstanding balances as of December 31, 2024 and 2023 were \$315,000. It is the policy of the Company to request extensions from the holders of the notes for any note that matures and upon approval, classifies these notes as non-current liabilities on the accompanying balance sheets. As of December 31, 2024 and 2023, all notes payable to stockholders had maturity dates in 2027 and 2028. Interest expense incurred on these notes during each of the years ended December 31, 2024 and 2023 was \$28,470.

Commission Express, Inc.: Commission Express, Inc. (CEI), a franchisee with common ownership, owns 100 shares of the Company's Class B preferred stock, and 40 shares of the Company's Class C preferred stock at December 31, 2024 and 2023.

The Company received \$22,109 and \$25,886 from CEI for the required royalty, advertising fund, and other fees during the years ended December 31, 2024 and 2023, respectively, as required under its franchise agreement. The Company also received \$500 and \$34,551 from CEI during the years ended December 31, 2024 and 2023, respectively, for management fees under a Management and Shared Services Agreement (the Agreement) with CEI that covers a portion of facilities and other costs associated with day-to-day management. At December 31, 2024 and 2023, accounts receivable included \$1,654 and \$2,570, respectively, in franchise royalty and other fees due from CEI.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2024 and 2023

Note 7: Related Party Transactions (Continued)

CEI leases space for its main office location in Fairfax, Virginia. The Company utilizes part of the office space under the Agreement that expired in April 2024, after which point the Company paid for its 50% share of the rent directly to the landlord. The lease is a short-term lease, which is expensed when paid. The lease agreement with the landlord calls for annual fee increases based on changes in the Consumer Price Index but no less than 3%. Total facilities expense for the years ended December 31, 2024 and 2023 was \$16,756 and \$32,536, respectively.

The Company's share of future payments under the lease agreement are as follows as of December 31, 2024:

Year Ending December 31, 2025	<u>\$ 11,171</u>
----------------------------------	------------------

Note 8: Risks and Uncertainties

Uninsured Deposits: The Company maintains its cash balances in one financial institution. Periodically during the year, the Company's cash balance may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances in excess of federally insured limits.

Market Risk: The Company's customers consist of franchises who deal primarily with real estate brokers and agents. Franchise income may be greatly affected by fluctuations in the overall real estate market. This market risk is minimized to the extent that franchises are dispersed geographically across the United States.



www.gma-cpa.com



COMMISSION EXPRESS NATIONAL, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page Numbers</u>
Independent Auditor's Report.....	1-2
Balance Sheets	3-4
Statements of Operations.....	5
Statements of Stockholders' Equity (Deficit)	6
Statements of Cash Flows	7
Notes to Financial Statements	8-12

Independent Auditor's Report

To the Board of Directors and Stockholders
COMMISSION EXPRESS NATIONAL, INC.

Opinion

We have audited the accompanying financial statements of COMMISSION EXPRESS NATIONAL, INC. (a Virginia corporation), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COMMISSION EXPRESS NATIONAL, INC. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Gross, Mendelsohn & Associates, P.A.

Fairfax, Virginia
May 31, 2024

COMMISSION EXPRESS NATIONAL, INC.
Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and restricted cash	\$ 83,935	\$ 6,244
Accounts receivable	49,290	46,438
Prepaid expenses	681	595
Total Current Assets	<u>133,906</u>	<u>53,277</u>
Property and Other Assets		
Property, net	18,076	30,186
Deposits	2,050	2,050
Total Property and Other Assets	<u>20,126</u>	<u>32,236</u>
Total Assets	<u>\$ 154,032</u>	<u>\$ 85,513</u>

	<u>2023</u>	<u>2022</u>
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued expenses	\$ 49,156	\$ 14,332
Dividends payable	12,400	12,400
Income taxes payable	33,490	567
Total Current Liabilities	<u>95,046</u>	<u>27,299</u>
Non-Current Liabilities		
Notes payable - stockholders	315,000	315,000
Notes payable	10,000	10,000
Deferred income tax liability	4,000	4,600
Total Non-Current Liabilities	<u>329,000</u>	<u>329,600</u>
Total Liabilities	<u>424,046</u>	<u>356,899</u>
Commitments (Note 7)		
Stockholders' Equity (Deficit)		
Class B preferred stock, \$0.10 par value (non-voting)		
Authorized - 750 shares		
Issued and outstanding - 560 shares	56	56
Class C preferred stock, \$0.10 par value (non-voting)		
Authorized - 750 shares		
Issued and outstanding - 40 shares	4	4
Class A common stock, \$0.10 par value		
Authorized - 1,500 shares		
Issued and outstanding - 1,400 shares	140	140
Additional paid-in capital	757,440	757,440
Total paid-in capital	<u>757,640</u>	<u>757,640</u>
Accumulated deficit	(1,027,654)	(1,029,026)
Total Stockholders' Equity (Deficit)	<u>(270,014)</u>	<u>(271,386)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 154,032</u>	<u>\$ 85,513</u>

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

COMMISSION EXPRESS NATIONAL, INC.
Statements of Operations
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Royalties	\$ 421,750	\$ 370,266
Software upgrade and background check fees	29,377	23,480
Advertising fund fees	49,499	40,465
Franchise licensing and transfer fees	74,250	36,645
Management fees	34,551	20,587
Total Revenue	<u>609,427</u>	<u>491,443</u>
Operating Expenses		
Payroll	158,125	133,868
Professional services	67,373	97,221
Advertising and promotion	36,370	59,515
Insurance	20,748	36,141
Facilities	32,536	31,588
Dues and subscriptions	30,237	27,902
Office expense	36,328	27,583
Employee benefits	23,195	18,810
Taxes and licenses	45,058	14,596
Depreciation and amortization	12,410	12,870
Automotive expense	16,397	10,365
Telephone and utilities	10,001	9,117
Meeting and conference	4,682	5,757
Total Operating Expenses	<u>493,460</u>	<u>485,333</u>
Income from Operations	<u>115,967</u>	<u>6,110</u>
Other Income (Expense)		
Other income	-0-	617
Interest expense	(32,063)	(29,643)
Net Other Expense	<u>(32,063)</u>	<u>(29,026)</u>
Income (Loss) before Income Taxes	<u>83,904</u>	<u>(22,916)</u>
Provision for Income Taxes	<u>32,932</u>	<u>1,467</u>
Net Income (Loss)	<u>\$ 50,972</u>	<u>\$ (24,383)</u>

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

COMMISSION EXPRESS NATIONAL, INC.
 Statements of Stockholders' Equity (Deficit)
 Years Ended December 31, 2023 and 2022

	Class B		Class C		Class A		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)	
	Preferred Stock Shares	Amount	Preferred Stock Shares	Amount	Common Stock Shares	Amount				
Balances - January 1, 2022	560	\$ 56	40	\$ 4	1,400	\$ 140	\$ 757,440	\$ (955,043)	\$ (197,403)	
Net loss for the year ended December 31, 2022		-0-		-0-		-0-		-0-	(24,383)	(24,383)
Dividends:										
Class B preferred stock		-0-		-0-		-0-		-0-	(33,600)	(33,600)
Class C preferred stock		-0-		-0-		-0-		-0-	(16,000)	(16,000)
Total Dividends		-0-		-0-		-0-		-0-	(49,600)	(49,600)
Balances - December 31, 2022	560	56	40	4	1,400	140	757,440	(1,029,026)	(271,386)	
Net income for the year ended December 31, 2023		-0-		-0-		-0-		-0-	50,972	50,972
Dividends:										
Class B preferred stock		-0-		-0-		-0-		-0-	(33,600)	(33,600)
Class C preferred stock		-0-		-0-		-0-		-0-	(16,000)	(16,000)
Total Dividends		-0-		-0-		-0-		-0-	(49,600)	(49,600)
Balances - December 31, 2023	560	\$ 56	40	\$ 4	1,400	\$ 140	\$ 757,440	\$ (1,027,654)	\$ (270,014)	

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

COMMISSION EXPRESS NATIONAL, INC.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Net income (loss)	\$ 50,972	\$ (24,383)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,410	12,870
Provision for deferred income taxes (benefit)	(600)	900
Change in operating assets and liabilities:		
Accounts receivable	(2,852)	29,644
Prepaid expenses	(86)	(54)
Accounts payable and accrued expenses	34,824	(9,156)
Income taxes payable	32,923	(1,387)
Net Cash Provided by Operating Activities	<u>127,591</u>	<u>8,434</u>
Cash Flows from Investing Activities		
Purchases of property	<u>(300)</u>	<u>(464)</u>
Cash Flows from Financing Activities		
Preferred dividends paid	<u>(49,600)</u>	<u>(49,600)</u>
Net Increase (Decrease) in Cash and Restricted Cash	77,691	(41,630)
Cash and Restricted Cash at Beginning of Year	<u>6,244</u>	<u>47,874</u>
Cash and Restricted Cash at End of Year	<u>\$ 83,935</u>	<u>\$ 6,244</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ 29,706</u>	<u>\$ 29,643</u>
Income taxes paid	<u>\$ 609</u>	<u>\$ 1,954</u>

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

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies

COMMISSION EXPRESS NATIONAL, INC. (the Company) was incorporated under the laws of the Commonwealth of Virginia on March 30, 1994. The Company sells and supports franchises that factor real estate commissions in all major markets throughout the United States of America. The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Restricted Cash: The Company maintains a restricted cash account that consists of advertising funds collected from franchises reserved to market and promote the Company brand nationally. The following provides a summary of the cash and restricted cash reported on the Balance Sheets and on the Statements of Cash Flows.

	2023	2022
Cash	\$ 69,073	\$ 4,462
Restricted cash	14,862	1,782
Total cash and restricted cash shown on the Balance Sheets and Statements of Cash Flows	\$ 83,935	\$ 6,244

Accounts Receivable: Accounts receivable are recorded at their estimated collectible amounts based on contract prices when the unconditional right to payment is obtained under the franchisee contract. Provision is made for credit losses based on management's analysis of expected collection losses. Expected collection losses are determined from a review of outstanding accounts receivable, historical collection experience, existing economic conditions and reasonable and supportable forecasts of future events. Collateral or other security is not required to support accounts receivable. Accounts receivables are written-off by management when, in their determination, all collection efforts have been exhausted. The Company did not incur any bad debt expense for the years ended December 31, 2023 and 2022.

Property and Depreciation: Property is stated at cost less accumulated depreciation and amortization. It is the Company's policy to capitalize all property with costs in excess of \$1,000 and having useful lives that are longer than one year. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of the assets are capitalized.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Computer software and website development costs	5 years
Automotive equipment	5 years
Office furniture and equipment	5-7 years

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition: The Company recognizes revenue under ASU 2021-02, *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, which permits recognition of pre-services as a single performance obligation.

The Company has contracts with franchisees that are generally accounted for as a single performance obligation in accordance with the Practical Expedient. The Company recognizes all initial franchise fee revenue when the agreed upon pre-opening obligation to the franchisee is substantially completed and the franchisee has completed training. The pre-opening services and products provided by the Company to the franchisee are readily measurable and the initial franchise fee approximates the value of those services and products. Royalties and revenue from sources other than franchise fees, which are based on the current revenue of franchises, are recognized as earned on a monthly basis as determined under the franchise agreement.

Advertising: Advertising costs are expensed as incurred.

Income Taxes: The provision for income taxes is based on reported income before income taxes and differs from the amounts currently payable because certain items of income and expense are recognized in different years for financial reporting purposes than for income tax purposes. Deferred income taxes and deferred income tax benefits are provided to reflect the tax effect of these temporary differences between financial and income tax reporting. The federal and state income tax returns of the Company are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

Recently Issued Accounting Standards: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is effective for fiscal years beginning after December 15, 2021. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance on leases. Lessor accounting is largely unchanged. For lessees, leases under both categories will be reported on the balance sheet as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities.

Management has evaluated all contracts and has determined that it has no contracts that qualify as leases under Topic 842.

In March 2022, the FASB issued ASC 2022-02, *Financial Instruments - Credit Losses (Topic 326)*, which significantly changed how entities will measure credit losses for most financial assets. The most significant change is a shift from the incurred loss model to the expected loss model for estimating the allowance for credit losses. Under this standard, disclosures are required to provide the financial statement users with information for analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in ASC 326 are trade accounts receivable.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2023 and 2022

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Company adopted ASC 326 effective January 1, 2023. The impact of the adoption was not material to the financial statements and primarily resulted in new disclosures only.

Subsequent Events: In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 31, 2024, the date the financial statements were available to be issued. During the period from January 1, 2024 to May 31, 2024, the Company did not have any material recognizable subsequent events.

Note 2: Property

Property consisted of the following at December 31, 2023 and 2022:

	2023	2022
Computer software and website development costs	\$ 122,437	\$ 122,437
Automotive equipment	27,844	27,844
Office furniture and equipment	14,098	13,798
Total Cost	164,379	164,079
Less: Accumulated depreciation and amortization	(146,303)	(133,893)
Net Property	<u>\$ 18,076</u>	<u>\$ 30,186</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$12,410 and \$12,870, respectively.

Note 3: Notes Payable

The Company has two notes payable to an individual in the total amount of \$10,000 as of December 31, 2023 and 2022. The notes bear interest at 10% per annum and require interest-only payments monthly. The notes are due to mature in April 2025.

Note 4: Capital Stock

Class B Preferred Stock: Holders of Class B preferred stock do not have any voting rights in the Company. The Company pays annual preferred dividends of \$60 per share for holders of Class B preferred stock, paid on a quarterly basis. The dividends are not cumulative.

Class C Preferred Stock: Holders of Class C preferred stock do not have any voting rights in the Company. The Company pays annual preferred dividends of \$400 per share for holders of Class C preferred stock, paid on a quarterly basis. The dividends are not cumulative.

After the preferred dividends are paid, any additional dividends declared by the Board of Directors are shared between common stock, Class B preferred stock, and Class C preferred stock on a pro-rata basis. As of December 31, 2023 and 2022, the Company owed dividends to preferred stockholders of \$12,400.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2023 and 2022

Note 5: Initial Franchise Licensing Fee Revenues

The Company recognized franchise licensing and transfer fees of \$74,250 and \$36,645 as revenue for the years ended December 31, 2023 and 2022, respectively. Initial franchise licenses sold for the years ended December 31, 2023 and 2022 totaled two and one, respectively.

Note 6: Income Taxes

The provisions for income taxes for the years ended December 31, 2023 and 2022 consist of the following components:

	2023	2022
Federal and state income taxes currently payable	\$ 33,532	\$ 567
Deferred income tax provisions	(600)	900
Total provision for income taxes	<u>\$ 32,932</u>	<u>\$ 1,467</u>

Certain expenses incurred during the years ended December 31, 2023 and 2022 totaling approximately \$43,100 and \$26,200, respectively, were not deductible for income tax purposes. As of December 31, 2023 and 2022, the Company has available for tax purposes, a net operating carryforward of approximately \$-0- and \$9,000, respectively, which can be carried forward indefinitely. The utilization of the carryforward is dependent upon the ability of the Company to generate sufficient taxable income during the carryforward period.

Following is a summary of the tax effects of the temporary differences between financial and income tax accounting that give rise to the Company's deferred tax assets and liabilities as of December 31, 2023 and 2022:

	2023	2022
Deferred tax assets:		
Net operating loss carryforward	\$ -0-	\$ 2,400
Deferred tax liabilities:		
Depreciation methods	(4,000)	(7,000)
Net deferred tax asset (liability)	<u>\$ (4,000)</u>	<u>\$ (4,600)</u>

The Company computes deferred income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. The Company provides for the recognition and measurement of deferred income tax benefits based on the likelihood of their realization in future years. A valuation allowance is recorded to reduce deferred income tax benefits to an amount that management believes is more likely than not to be realized. It is management's opinion that the entire deferred tax benefit will more likely than not be recognized in future years. Therefore, no valuation allowance has been established.

COMMISSION EXPRESS NATIONAL, INC.
Notes to Financial Statements
December 31, 2023 and 2022

Note 7: Related Party Transactions

Notes Payable - Stockholders: The Company has various notes payable to its stockholders that bear interest at either 7% or 10% and require interest-only payments monthly. The total outstanding balances as of December 31, 2023 and 2022 were \$315,000. It is the policy of the Company to request extensions from the holders of the notes for any note that matures and upon approval, classifies these notes as non-current liabilities on the accompanying balance sheets. As of December 31, 2023 and 2022, all notes payable to stockholders had maturity dates in 2025 and 2026. Interest expense incurred on these notes during each of the years ended December 31, 2023 and 2022 was \$28,470.

Commission Express, Inc.: Commission Express, Inc. (CEI), a franchisee with common ownership, owns 100 shares of the Company's Class B preferred stock, and 40 shares of the Company's Class C preferred stock at December 31, 2023 and 2022.

The Company received \$25,886 and \$17,205 from CEI for the required royalty, advertising fund, and other fees during the years ended December 31, 2023 and 2022, respectively, as required under its franchise agreement. The Company also received \$34,551 and \$20,587 from CEI during the years ended December 31, 2023 and 2022, respectively, for management fees under a Management and Shared Services Agreement (the Agreement) with CEI that covers a portion of facilities and other costs associated with day-to-day management. At December 31, 2023 and 2022, accounts receivable included \$2,570 and \$1,070, respectively, in franchise royalty and other fees due from CEI.

CEI leases space for its main office location in Fairfax, Virginia. The Company utilizes part of the office space under a Shared Services Agreement with CEI. The agreement expires in August 2024 and calls for annual fee increases based on changes in the Consumer Price Index but no less than 3%. Total facilities expense for the years ended December 31, 2023 and 2022 was \$32,536 and \$31,588, respectively.

Future payments under the Shared Services Agreement are as follows as of December 31, 2023:

Year Ending December 31,	
2024	<u>\$ 10,845</u>

Note 8: Concentrations

Uninsured Deposits: The Company maintains its cash balances in one financial institution. Periodically during the year, the Company's cash balance may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances in excess of federally insured limits.

Market Risk: The Company's customers consist of franchises who deal primarily with real estate brokers and agents. Franchise income may be greatly affected by fluctuations in the overall real estate market. This market risk is minimized to the extent that franchises are dispersed geographically across the United States.



www.gma-cpa.com

NOTICE

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

11:20 AM

04/25/25

Accrual Basis

Commission Express National, Inc.
Profit & Loss
 January through February 2025

	Jan - Feb 25
Ordinary Income/Expense	
Income	
4005 · Accurint	2,700.00
4010 · Royalty	59,594.74
4020 · Software Upgrades	19,384.20
4030 · Franchise Licensing	5,500.00
4040 · Ad Fund	6,179.19
Total Income	93,358.13
Gross Profit	93,358.13
Expense	
66900 · Reconciliation Discrepancies	(0.07)
7049 · Advertising	
7034 · Internet	2,920.18
7049 · Advertising - Other	3,483.14
Total 7049 · Advertising	6,403.32
7050 · Annual Convention	
70504 · Lodging	2,797.29
Total 7050 · Annual Convention	2,797.29
70502 · Meals	2,870.06
7051 · Automotive	
7056 · Gas & Oil	597.45
7051 · Automotive - Other	2,491.19
Total 7051 · Automotive	3,088.64
7080 · Dues and Subscriptions	8,265.23
7100 · Insurance	
7101 · Vision	26.25
7102 · Health	5,167.09
7103 · Dental	149.88
7100 · Insurance - Other	1,370.54
Total 7100 · Insurance	6,713.76
7180 · Telephone	1,423.42
7200 · Payroll Expenses	
7201 · Gross Wages	24,307.68
7200 · Payroll Expenses - Other	63.00
Total 7200 · Payroll Expenses	24,370.68
7232 · Taxes	
7214 · Payroll Taxes	
7210 · FICA	1,507.08
7211 · FUTA	42.00
7212 · Medicare	352.46
7213 · SUIVA	20.80
Total 7214 · Payroll Taxes	1,922.34
7232 · Taxes - Other	7,392.89
Total 7232 · Taxes	9,315.23
7250 · Utilities	
7251 · Electric	580.92
Total 7250 · Utilities	580.92

11:20 AM
04/25/25
Accrual Basis

Commission Express National, Inc.
Profit & Loss
January through February 2025

	<u>Jan - Feb 25</u>
7260 · Office Supplies & Expense	
7110 · Postage and Delivery	691.01
7142 · Printing and Reproduction	31.27
7260 · Office Supplies & Expense - Other	503.19
Total 7260 · Office Supplies & Expense	<u>1,225.47</u>
7331 · Professional Fees (other)	
7300 · Legal	1,545.00
7331 · Professional Fees (other) - Other	3,921.45
Total 7331 · Professional Fees (other)	<u>5,466.45</u>
7340 · Rent	2,792.66
7400 · Interest Expense	5,004.64
7400A · Travel	1,528.37
7999 · Misc Expense	80.95
Total Expense	<u>81,927.02</u>
Net Ordinary Income	<u>11,431.11</u>
Net Income	<u><u>11,431.11</u></u>

EXHIBIT F

**CONFIDENTIALITY AGREEMENT
(For National Office Visit)**

CONFIDENTIALITY AGREEMENT
(For National Office Visit)

This Confidentiality Agreement is made as of the date shown below between Commission Express National, Inc., who, for ease of reference, we will refer to as “we” throughout the Agreement, and _____, who we will refer to as “you”.

Because you desire to have certain information disclosed to you about our system for operating a Commission Express business, and we desire to disclose such information, subject to the terms and conditions listed below, it is mutually agreed:

- 1) We will disclose to you information about our system for operating a Commission Express business.
- 2) You agree that the methods and techniques of doing business and other elements comprising our system are unique and distinctive and have been developed by us at great effort, time and expense. Accordingly, with regard to any information disclosed to you about our system, you agree that you will not, without our prior written consent, either directly or indirectly, for a 2-year period after disclosure:
 - a) Disseminate or disclose any confidential information, including but not limited to our trade secrets, customer names, other customer data and business methods, to any person or organization.
 - b) Use such information yourself, or use information through, on behalf of, or in conjunction with any other person, partnership or corporation, to operate a business offering services or products that are the same as or substantially similar to services or products offered by our franchisees.
- 3) The covenants you have agreed to in Paragraph 2 shall be construed as independent of each other and as conditions precedent to disclosures. The existence of any claim or cause of action against us, whether based on this Agreement or not, shall not constitute a defense by you to the enforcement by us of the covenants.
- 4) If any portion of a covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency having jurisdiction, you expressly agree to be bound by any lesser covenant that imposes the maximum duty permitted by law, as if that covenant were separately stated in and made a part of this Agreement. If an entire covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency having jurisdiction, any remaining covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency having jurisdiction, any remaining covenant in this Agreement shall nevertheless continue in full force and effect without being impaired or invalidated in any way.
- 5) In addition to our other legal and equitable rights and remedies, we shall be entitled to injunctive relief restraining any actual or threatened violation by you of any covenant in this Agreement.
- 6) In the event of a legal action for damages, injunctive relief, or any other legal or equitable remedy, you agree to pay our reasonable attorneys’ fees, court costs and reasonable out-of-pocket costs related to such action if we substantially prevail. You waive all homestead

rights and exceptions that you may have under any law as against any obligations owing under this Agreement and assign them to us.

- 7) This Agreement shall be governed for all purposes by the laws of the State of Virginia.
- 8) This Agreement shall be binding upon both of us and our respective legal representatives, successors, and assigns.
- 9) This Agreement contains the entire agreement between us both. It may be modified only by an agreement in writing of at least equal formality signed by the party against whom enforcement is sought.

By: _____
Prospective Franchisee

Date: _____

EXHIBIT G

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, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	[]
Hawaii	[]
Illinois	[]
Indiana	[]
Maryland	[]
Michigan	April 21, 2025
Minnesota	Not Registered
New York	[]
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	[]
Washington	Not Registered
Wisconsin	[]

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

EXHIBIT H

RECEIPTS

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 Commission Express National, Inc. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this disclosure document at the 1st personal meeting.

Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The name, principal business address and telephone number of each franchise seller offering the franchise: John Stedman and Rachel Feghali, 8306 Professional Hill Drive, Fairfax, Virginia 22031, (703) 560-5500; and

Date of Issuance: May 14, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated May 14, 2025 that includes the following Exhibits:

- A. Agencies/Agents for Service of Process
- B. Franchise Agreement, State Riders, and Attachments
- C. Franchisees
- D. Former Franchisees
- E. Financial Statements
- F. Confidentiality Agreement
- G. State Effective Dates
- H. Receipts

Prospective Franchisee

Date: _____

Prospective Franchisee

Date: _____

You should return 1 signed and dated Receipt by mail to Rachel Feghali, 8306 Professional Hill Drive, Fairfax, Virginia 22031, or by email or fax to Rachel Feghali at manager@commissionexpress.com or (703) 560-5502.

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 Commission Express National, Inc. (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this disclosure document at the 1st personal meeting.

Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The name, principal business address and telephone number of each franchise seller offering the franchise: John Stedman and Rachel Feghali, 8306 Professional Hill Drive, Fairfax, Virginia 22031, (703) 560-5500; and

Date of Issuance: May 14, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated May 14, 2025 that includes the following Exhibits:

- A. Agencies/Agents for Service of Process
- B. Franchise Agreement, State Riders and Attachments
- C. Franchisees
- D. Former Franchisees
- E. Financial Statements
- F. Confidentiality Agreement
- G. State Effective Dates
- H. Receipts

Prospective Franchisee

Date: _____

Prospective Franchisee

Date: _____

You should return 1 signed and dated Receipt by mail to Rachel Feghali, 8306 Professional Hill Drive, Fairfax, Virginia 22031, or by email or fax to Rachel Feghali at manager@commissionexpress.com or (703) 560-5502.