

# FRANCHISE DISCLOSURE DOCUMENT

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**VR** Has Sold More Businesses In The World Than Anyone.®



## **King Lombardi Acquisitions, Inc.**

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[www.vrbb.com](http://www.vrbb.com), [www.vrbusinessbrokers.com](http://www.vrbusinessbrokers.com) and [www.vr-ma.com](http://www.vr-ma.com)

**EACH OFFICE INDEPENDENTLY OWNED AND OPERATED.**

## FRANCHISE DISCLOSURE DOCUMENT



King Lombardi Acquisitions, Inc.  
a Delaware Corporation  
2601 East Oakland Park Boulevard, Suite 300  
Ft. Lauderdale, FL 33306  
Phone: 954.565.1555  
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[www.vrbb.com](http://www.vrbb.com), [www.vrbusinessbrokers.com](http://www.vrbusinessbrokers.com) and [www.vr-ma.com](http://www.vr-ma.com)

The franchised business is serving as a broker/intermediary to facilitate the sale of businesses under the name of “VR®” and/or “VR Business Brokers®” and/or “VR Business Sales®” and/or “VR Mergers & Acquisitions®.”

The total investment necessary to begin operation of a VR® franchise ranges from \$59,305 to \$85,780. These totals include the amount of \$51,400 to \$52,900 that must be paid to us or our affiliates. See ITEMS 5 and 7.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact JoAnn Lombardi or Peter King, 2601 East Oakland Park Boulevard, Suite 300, Fort Lauderdale, Florida 33306, (954) 565-1555.

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: June 10, 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits and losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit "A."
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the supplies you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21, or Exhibit "A" includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only VR® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a VR® franchisee?</b>	Item 20 or Exhibit "A" lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

Your state also may have laws and 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

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

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

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

**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.**

1. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

2. A provision that permits a franchisor to terminate a franchise before 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 this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.

3. 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.

4. 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.

5. 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.

6. 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:

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

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(d) 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.

7. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of these 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).

8. 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

**VR®**  
**FRANCHISE DISCLOSURE DOCUMENT**

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**KING LOMBARDI ACQUISITIONS, INC.**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FOR VR® FRANCHISES**

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

The Franchisor and any Parents, Predecessors and Affiliates

To simplify the language in this franchise disclosure document, “we” “us,” or “our” means King Lombardi Acquisitions, Inc., the franchisor of VR®. “You” or “your” means the person who buys the franchise, and if a business entity, includes your owners, partners or members. We are a corporation organized on May 17, 1999 under the laws of the State of Delaware. Our principal place of business is 2601 East Oakland Park Boulevard, Suite 300, Fort Lauderdale, Florida 33306. Our phone number is (954) 565-1555. Our websites are [www.vrbb.com](http://www.vrbb.com), [www.vrbusinessbrokers.com](http://www.vrbusinessbrokers.com) and [www.vr-ma.com](http://www.vr-ma.com). We conduct business not only under our corporate name but also under our principal service marks – “VR®,” “VR BUSINESS BROKERS®,” “VR BUSINESS SALES<sup>SM</sup>” and “VR MERGERS & ACQUISITIONS®.”

Our Experience

We began offering VR® franchises (a “VR® Office” or “Office”) in June 1999. We do not operate a business of the type to be operated by you, however our affiliate does own a VR® Office in Wisconsin. We only offer franchises for individual Offices. We have not offered for sale franchises of a type different than those offered by this disclosure document. See “Description of the VR® Franchise” in this ITEM 1.

Our Business

We offer and sell VR® franchises, and service, support and administer functions inherent in operating the System. We do not have any other business activities. We have no predecessors.

Our Parents and Affiliates

We have no parents. Our affiliate is VR International Mergers & Acquisitions, Inc. (“VR IM&A”), a Florida corporation, formed on February 4, 2010, whose principal Address is the same as ours. VR IM&A owns a franchised VR Office in Madison, Wisconsin.

Our Agents for Service of Process

Our agents for service of process are disclosed on Exhibit “N” of this disclosure document.

Description of the VR® Franchise

We are offering a franchise to operate a VR® Office. VR® Offices are “broker/intermediary” offices operating from an approved location (the “Site”) using our Marks, IP and Marketing System (collectively, the “System”).

A VR® Office acts in facilitating the purchase and sale of businesses. In certain states a VR® Office is required to be licensed as a real estate agent or broker. VR® Offices generally solicit a business owner to engage it, on an exclusive basis, to locate a buyer for the business and effectuate the sale of the

business. VR® Offices locate buyers for business through advertisements, websites or by potential buyers requesting VR® Offices to locate a business.

We have developed a marketing system (the “**Marketing System**”) to facilitate the ability of our VR® franchisees to compete more effectively as a business broker/intermediary in the business sales market.

The Marketing System includes the use and promotion of our copyrights and trade and service marks and names owned or licensed by us currently including among others: **VR®**, **VR BUSINESS BROKERS®**, **VR MERGERS & ACQUISITIONS®**, **TODAY’S BUSINESS OWNER®**, **VR HAS SOLD MORE BUSINESSES IN THE WORLD THAN ANYONE®**, **VR SINCE 1979®**, **MVI®**, **MBI®**, **MOST VALUABLE INTERMEDIARY®**, **VR VALUED REPRESENTATION®**, **VALUED REPRESENTATION®**, **MASTER BUSINESS INTERMEDIARY ACADEMY®**, **THE FRANCHISE SHOWCASE®** and **IT’S WHO WE ARE, IT’S WHAT WE DELIVER®** which are registered or applied for, with the United States Patent and Trademark Office, and other trade and service marks and names used by us in our business (the “**Marks**”). The Marketing System and our processes, business development plans, methods, procedures, specifications and standards, copyrights, power point presentations, training materials, and all materials accessible through VR portal, moral rights, which combined or separately make up our trade secrets and other forms of intellectual property (collectively, the “**IP**”).

As part of our IP, we have acquired and developed an operations analysis information system and other franchisee required reporting, which supports and becomes part of the Marketing System. The Marketing System is intended to assist VR® franchisees in operating their Offices and enables us the ability to communicate information to VR® franchisees. We reserve the right to upgrade or change the operations analysis information system. To the extent we deem necessary or appropriate, we license to you the Marketing System.

Our Marketing System applies generally to the servicing by an Office to act as a business broker/intermediary to aid the sale of privately or closely held businesses. We offer franchises for VR® Offices only by means of our Franchise Agreement, a form of which is attached as Exhibit “B.” The VR® Office you will operate under your Franchise Agreement with us is referred to as your or the “**Business.**”

### General Market

The market for business brokers/intermediaries and business sales services are the owners of privately held businesses in your community. The business sales profession as an industry is highly developed in many areas, but is still developing and the facilities provided by our system create standards, statistics and recognition. The market for the services you offer is not seasonal.

### Industry Specific Regulations

You will be required to comply with state and federal laws that apply to business brokerage offices. In some states (such as Florida) a person engaged in business brokerage, even if real estate is not part of the transaction, must be a licensed real estate agent. A listing of some state specific business brokerage laws is attached as Exhibit “I.” You should consult your attorney about laws, rules, and regulations that might affect you. You should check to determine whether there are any laws specific to your area in which you are doing business that require licensing for any of the activities in which you will be engaging. It will be your responsibility to comply with employment, worker’s compensation, insurance, corporate, taxing, licensing and similar laws and regulations on a city, county, state or federal level.

## Competition

The principal competition for the services you will perform is an owner selling its own business, some real estate agents, existing business brokers/intermediaries and occasional sales through accountants and attorneys. Competition among brokers/intermediaries is competitive and highly developed. Numerous franchised broker/intermediary chains, along with independent brokers/intermediaries may exist in your area, and compete with you. Numerous brokers/intermediaries also operate via local, regional, national and international websites.

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**ITEM 2.**  
**BUSINESS EXPERIENCE**

Unless otherwise noted, all individuals listed below work from our headquarters in Ft. Lauderdale, FL.

**Chief Executive Officer and Director: Peter C. King**

Mr. King has been our Chief Executive Officer and Director since June 2001 and continues in those roles.

**President and Chairwoman: JoAnn Lombardi**

Ms. Lombardi became our President and Chairwoman since June 2001 and continues in those roles.

**Training and Support: Tim Bellon (Ret. Col)**

Mr. Bellon joined us in 2012 as a franchisee after spending 21 years serving our country, 15 of which were in Special Forces. He was the #1 Owner in personal production and awarded the VR Most Valuable Intermediary Award (“MVI”). Tim has earned his CBI, M&AMI and CM&AP and leads new franchisees through initial training. Mr. Bellon is based in Tampa, FL.

**Training and Support: Jeff Kalil (Lieutenant Col)**

Mr. Kalil has over 30 years in the military and is currently a Lieutenant Colonel in the Army Reserves. Combined 15+ years of corporate experience, along with owning the VR® franchise in St. Louis, Missouri. He is a Business Certified Appraiser (“BCA”) with the International Society of Business Appraisers, and a Certified Business Intermediary (“CBI”). Jeff leads our ongoing initial mentor training and website training programs and plays an active role in franchise training. Mr. Kalil is based in St. Louis, MO.

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**ITEM 3.**  
**LITIGATION**

**Prior Actions**

***Commonwealth of Virginia, ex rel. State Corporation Commission v. King Lombardi Acquisitions, Inc.***, Case No. SEC-2022-00038 (July 12, 2023). After an existing VR® franchisee located in Louisiana became unable to operate its franchise due to a hurricane’s devastating impact in its community, the franchisee sought to resell its franchise to help in its recovery. To accommodate the franchisee’s circumstances, in or about August 2021, we permitted the franchisee to sell the franchise to a new owner residing in Virginia. Relying on an exemption from registration for sales by existing franchisees under Virginia Administrative Code § 5-110-75(1)(b), we permitted the consummation of this sale, and the Virginia resident assumed the existing franchise agreement. After learning of the transaction from an unrelated third party, the Commonwealth of Virginia State Corporation Commission’s (the “Commission”) Division of Securities and Retail Franchising (the “Division”) conducted an investigation and took the position that this transfer did not qualify for the resale exemption, and that the transfer was therefore an alleged violation of § 13.1-560 of the Virginia Retail Franchising Act (the “Act”) because we were not then registered to sell franchise as our prior registration had expired, as well a violation of a previous 2008 Settlement Order between us and the Commission requiring us to comply with the Act (*Commonwealth of Virginia, ex rel. State Corporation Commission v. King Lombardi Acquisitions, Inc., d/b/a VR Business Brokers, et al.*, Case No. SEC-2008-00070 (Sept. 3, 2008)). We denied the allegations and maintained that the transfer did, in fact, qualify for the exemption and that registration was not required for the transfer. However, rather than engage in a protracted and expensive factual and legal dispute with the Commission, we settled the matter with the Commission in accordance with a Settlement Order entered into on July 12, 2023. The Settlement Order makes clear that we neither admit nor deny the Commission’s allegations, but we agreed to: offer rescission to the Virginia franchisee, including offering a refund of the initial franchise fee; and, pay an \$8,000 administrative fine to the Commission. Upon receiving the offer of rescission, the Virginia franchisee promptly refused the offer and continues to operate his franchised business.

Except for this one action, no litigation is required to be disclosed in this Item.

**ITEM 4.**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

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**ITEM 5.**  
**INITIAL FEES**

**Initial Franchise Fee**

You must pay to us a lump sum fee in an amount of \$47,500 (the “**Initial Franchise Fee**”) when you sign the Franchise Agreement. We may terminate the Franchise Agreement at any time during the Initial Training if you do not satisfactorily complete each aspect of it. The Initial Franchise Fee is fully earned when you sign the Franchise Agreement and is not refundable.

**Technology Management Fee (“TMF”)**

On or before January 1 of each year, you shall pay us the then-current Technology Management Fee (“**TMF**”) for the use and further development of your local customized website, required website updates, proprietary electronic publications, web-based marketing materials, hosting fees, database, valuation portal, mandated proprietary software and operating system. The TMF does not cover bookkeeping, reporting or tax return services. We reserve the right to increase the TMF from time to time. Our current TMF is \$1,500 per year. Upon signing the Franchise Agreement, you shall pay us the full annual TMF for the remaining period from the date of the Agreement through December 31 of the current year. Thereafter the TMF is due on or before January 1 of each year and is not prorated in the first or final year of the term. For example, if the Effective Date is September 15, 2025 and the annual TMF is \$1,500, then you must immediately pay us \$1,500 for the period from September 15, 2025 through December 31, 2025. Late fees shall apply if not paid by January 1 and/or services are subject to suspension.

**System Fee**

On the first day of each month, or other Payment Day we designate, you must pay to us a System Fee of \$800 per month, beginning on the month set forth in Schedule A of the Franchise Agreement. We may increase the System Fee by the greater of: (i) \$50 per year, or (ii) the percentage year-over-year increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics (or comparable successor index); however, we will not increase your System Fee in any year where, in the preceding calendar year, you achieved \$400,000 or more in Franchisee Income.

**Initial Training Fee**

There is no initial training fee for up to 2 trainees attending the same training class. However, if additional persons require training, you must pay an initial training fee of \$5,000 per additional trainee.

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**ITEM 6.  
OTHER FEES**

<b>Type Of Fee<sup>1,3</sup></b>	<b>Amount</b>	<b>Due Date<sup>2</sup></b>	<b>Remarks</b>
Royalty Fee	9% of all Franchisee Income <sup>4</sup> for all transactions	Due on the Payment Day we designate, which currently is 3 business days from the completed transaction.	At our option, we may require that the Royalty Fee relating to transactions be paid directly to us by the closing agent.
Late Fee For Certain Late Payments	\$250 per day per document, plus, \$250 per day that the Royalty Fee remains unpaid	On notice.	Payable if you fail to provide us with: (i) the listing agreement when signed; (ii) the purchase agreement when signed; (iii) the closing documents on the day of closing; and/or (iv) copy of disbursement of fees, after 3 days.  Also payable if you fail to pay the Royalty Fee when due.
System Fee	Currently, \$800 per month.	First day of each month or other Payment Day we may designate.	Commences on the month set forth under Schedule A of the Franchise Agreement. We may increase the System Fee by the greater of: (i) \$50 per year, or (ii) the percentage year-over-year increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics (or comparable successor index); however, we will not increase your System Fee in any year where, in the preceding calendar year, you achieved \$400,000 or more in Franchisee Income.
TMF <sup>5</sup>	Currently, \$1,500 per year.	On or before January 1 <sup>st</sup> of each year; the first payment is due when you sign the Franchise Agreement. (See ITEM 5).	This fee is for the use of our mandated proprietary software and operating systems.

Type Of Fee <sup>1,3</sup>	Amount	Due Date <sup>2</sup>	Remarks
Third-Party Software Fee	Our actual costs plus a reasonable administrative fee not to exceed \$100 per software account (we may increase this fee by up to 10% per year)	First day of each month or other Payment Day we may designate.	We may require you to use a specified bookkeeping, accounting, business management, and/or customer relationship management software from time to time. If we do so, we may require you to pay the vendor directly, or we may require you to pay us, and we will pass on payment to the vendor. If we collect the fees from you, the fee we charge to you will not exceed: (i) the actual fee charged to us by the vendor; plus (ii) a reasonable administrative fee not to exceed \$100 per month per software account (which we may increase by up to 10% per year).
Local Advertising and Search Engine Optimization	Minimum 5% of your monthly Franchisee Income; but not more than \$3,000, where no less than \$500 must be on SEO	As Incurred	You must spend at least 5% of monthly Franchisee Income on Local Advertising (but not more than \$3,000), beginning on the first anniversary of the Opening Date. At least \$500 of this expenditure must be on approved Search Engine Optimization. This \$500 SEO spending requirement begins on the effective date of your franchise agreement. Dollar amounts are subject to increase based on the percentage year-over-year increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics (or comparable successor index).
Marketing Materials Fees	Varies	As Incurred	We will make available to you any modifications suggested to Offices relating to the contents or form of the master copies, sales materials and advertising and techniques related to marketing that we may develop during the Term, which may include publications, video, audio or digital materials for which we may charge our then-current fees.

<b>Type Of Fee<sup>1,3</sup></b>	<b>Amount</b>	<b>Due Date<sup>2</sup></b>	<b>Remarks</b>
Value Roll Out Program <sup>6</sup>	\$30	As Incurred	Payable to us or vendors we designate.
Successor Franchise Fee	\$10,000	Paid at the time of our granting the Successor Franchise. Due on or before the date we agree to grant the Successor Franchise.	You must exercise the right to a Successor Franchise no earlier than 9 months, and no later than 6 months, prior to the expiration of the Term, and must comply with all other conditions for grant of a Successor Franchise with 20-year term.
Additional Training Fees <sup>7</sup>	Varies, our then-current fee. Currently \$0	Immediately upon receipt of our invoice (which, at our option, may be sent to you prior to commencement of additional training).	For additional requested or required training. See ITEMS 5 and 11. While this fee is currently \$0, we reserve the right to increase this fee in the future.  If more than one person chooses to take our optional training course in partnership with the University of Miami Herbert Business School, or if you choose to take the course more than 12 months after opening, you may be required to pay any applicable fee to us or the university.
Mandatory Agent Training	Varies, our then-current fee. Currently \$0	At the time of training	All VR <sup>®</sup> agents affiliated with your Office must complete our mandatory agent training program. While this fee is currently \$0, we reserve the right to increase this fee in the future.
Additional Manager Training Fee	Varies, our then-current fee. Currently \$5,000 per person	At the time of training	Required if you choose to hire a manager (who is not an owner) to operate the business

Type Of Fee <sup>1,3</sup>	Amount	Due Date <sup>2</sup>	Remarks
Transfer Fee	<p>\$25,000, plus, if we procure your buyer/transferee, 2½% of the gross sales price.</p> <p>If the transferee(s) or assignee(s) is a current franchise prospect of ours then the transfer fee will be equal to our then-current Initial Franchise Fee.</p>	At the time of transfer.	<p>To reimburse us for our costs incurred in the transfer including our legal fees. The 2½% fee compensates us for assisting you with finding a buyer, if we do so.</p> <p>A “current franchise prospect” means that the transferee(s) or assignees(s) has been in separate contact with us prior to contacting you, has received our then-current franchise disclosure document and has a bona fide interest or desire to purchase a VR® franchise.</p> <p>The transferee’s franchise agreement (on our then-current form) will provide for a new 20-year term.</p>
Conventions and Meetings	Varies, our then current registration fees (currently no charge) <sup>8</sup>	Immediately upon receipt of our invoice (which, at our option, may be sent to you prior to commencement of the convention or meeting).	We recommend that you attend such annual, semi-annual or other periodic conventions or seminars that we designate from time to time and take advantage of all prerecorded educational materials provided through the VR Master Business Intermediary Academy.
Relocation Fee	Up to 50% of then-current Initial Franchise Fee	At the time of relocation.	We only charge this fee if you request, and we approve, the relocation of your Office outside the Territory.
Territory Change Fee	\$2,500	At the time of territory change	If you convert from an Executive Center to a standard independent office space, as approved by us, you must pay this fee to cover our administrative expenses associated with the territory change.
Extraterritorial Agent Fee	Varies	As incurred	We may charge a fee if you have agents outside of the county where your business is located.

<b>Type Of Fee<sup>1,3</sup></b>	<b>Amount</b>	<b>Due Date<sup>2</sup></b>	<b>Remarks</b>
Late Fee <sup>9</sup>	\$250	Immediately upon demand.	Failure to pay us any fees or other amounts due us with 10 days of the due date will result in a late fee being assessed. Late fees will accrue for each month until paid in full on each failure to pay on time. This fee accrues for each additional month in arrears.
Interest <sup>9</sup>	Lesser of 18% per annum or the highest rate permitted by applicable law.	Immediately upon demand.	Interest will accrue regardless of whether we exercise our right to terminate the Franchise Agreement due to your default in payments or for any other reason.
Audits	Amount of any deficiency, plus interest at 18% per annum or the highest rate permitted by applicable law, whichever is less. In addition, you must reimburse us for the cost of the audit or inspection if it discloses an understatement of 2% or more of Franchisee Income.	Immediately upon demand.	Payable if audit discloses a deficiency in any amounts paid to us. Audits may be conducted at your location, or via telephone, video conference and/or electronic transfer of requested information and back-up data.
Costs and Attorney/Auditor Fees	Will vary under circumstances.	As incurred.	Payable in connection with costs and expenses incurred by us in an effort to effect compliance under the Franchise Agreement.
Failure to Maintain Required Insurance	Varies. Premium is set by the Insurance Carrier, plus an administrative fee of \$2,500	Immediately upon receipt of our invoice.	If you fail to obtain and maintain required insurance, we may obtain it on your behalf and charge you our costs of doing so, plus our administrative fee of \$2,500.
Replacement Manual Fee	\$500	Immediately upon receipt of our invoice	If you lose all or part of the Manuals or if we deem your copy is not complete and needs replacement.

Type Of Fee <sup>1,3</sup>	Amount	Due Date <sup>2</sup>	Remarks
E-commerce Convenience Activities Fee	<p>Varies, as follows:</p> <p>For credit or debit card payments: 3% - 4% of the fees paid depending on the card</p> <p>For EFT, ACH or similar funds transfers: (i) the fee imposed by the payment processor, plus (ii) a reasonable administrative fee</p>	Immediately upon receipt of your payment	<p>We reserve the right to increase e-commerce convenience activities fee from time to time if our costs from the credit card company, bank or other applicable financial institution or payment processor increase.</p> <p>We reserve the right to have this fee added directly by the processing company at the time of the charge.</p>
System Standard Compliance Costs	Varies, our then-current expenses.	Immediately upon receipt of our invoice	If we conduct an inspection or audit and you do not fix deficiencies found during it, we can enter your Site and correct them at your expense.
System Standard Compliance Penalty	Double Royalty Fees on the fees and commissions earned by your representative.	As assessed.	If there is a failure to comply with System Standards due to your failure to supervise and enforce compliance by one or more of your representatives, after written notice and 30 days in which to cure, then Royalty Fees pertaining to the commissions and fees earned by each such representative will be doubled for the next 3 transactions (and will be doubled for the next 6 transactions for a second violation of the same manner).
Liquidated Damages	Varies	Immediately upon receipt of our invoice	<p>You must pay us \$5,000 per week for the first 8 weeks, and \$10,000 per week thereafter if you violate the non-competition covenants.</p> <p>If the Franchise Agreement ends before its expiration for any reason you also must pay us our lost future revenue.<sup>10</sup></p>

**EXPLANATORY NOTES**

1. You pay all fees to us. All fees are uniformly imposed, unless otherwise noted. Payment of all fees may be effectuated by a payment system we designate, including electronic funds transfer from your accounts or credit card payments. All fees are fully earned and non-refundable. All amounts paid to us will be applied first to the oldest outstanding balance or otherwise as we determine.

2. All required monthly payments must be submitted to us by the 1st day of each month, unless otherwise specified. If no time is specified, these payments are due upon receipt of our invoice. Your payments to us will be effectuated by a payment system using pre-authorized transfers from your operating accounts through the use of electronic funds transfer, or Master Card, Visa or American Express, which we will process at the time any payment is due, including, without limitation, the convention and meeting registration fees, Royalty Fees, TMF, and System Fees. We reserve the right to charge back to you a convenience fee for any fees charged by the credit card company or bank.

3. We have the right to charge these fees directly and automatically to your credit card or via other forms of electronic funds transfer we may designate.

4. **“Franchisee Income”** means total gross revenues, whether cash, credit or other property, related to the operations of the Business, including fees, sales and commissions (including commissions from the sale or lease of real estate related to a sale of a business, fees for the sale of businesses, fees related to other real estate sales or leases, lending relationships, loan brokerage, financing transactions and the like, fees and charges for valuations, consulting, appraisals and management, and referral fees from third parties whether paid to the business or an individual), and all income from providing other services. This also includes any income run through your Business Entity and any income shown on tax returns and not reported to us.

5. The TMF is for the use and further development of your local customized website, required website updates, proprietary electronic publications, web-based marketing materials, hosting fees, database, valuation portal, mandated proprietary software and operating system. The TMF does not cover bookkeeping, reporting or tax return services. We reserve the right to increase the TMF from time to time.

6. To assist with your opening, equipping, and ongoing operating of your Office, we will provide to you, free of charge (except as otherwise provided below), the following materials, tools and software as part of our VR® Value Roll-Out Program:

Branded Word Press Franchisee Website	\$0
Customizable VR White Papers (24)	\$0
Customizable “Today’s Business Owner” Electronic Magazine	\$30
Valuation Software Package	\$0
VR Branding Package (Computer Bag, Padfolio, 2 Polo Shirts, and 2 Long Sleeve Shirts)	\$0

Conference / Meeting Package (1 Pull-up Sign, 1 Pull-up Table Top Sign, 1 Logo Table Cloth, 3 Presentation Stands)	\$0
Opening Stationary / Print Package (a selection on business cards, letterhead, envelopes, flyers, presentation brochures)	\$0
Training Meal Plan (One meal per day while attending training in Fort Lauderdale included)	\$0
Advisor / Agent Training (once recruited by a franchisee, advisor / agent training is mandatory and is at no additional cost)	\$0
Customized Electronic Marketing Material Package	\$0
Business-for-Sale Website Program (subject to fee in the future)	\$0
Attending and Participating in a Functioning Office Sales and Training Meeting	\$0

7. Training occurs at locations we designate from time to time, and/or video conferencing and cloud-based prerecorded courses. Costs of transportation, room, board and other living expenses above what we supply are your responsibility. We pay no compensation of any kind to you while training and we will not reimburse you for any expenses associated with training. See Notes 5 and 11.

8. The Registration Fee will be used to cover mailings, social events, materials handed out, speakers, meeting room costs, AV equipment, Awards Banquet, and all other costs associated with the meetings. You will bear all expenses for anything not included in conference. We pay no compensation of any kind to you while training and we will not reimburse you for any expenses associated with training.

9. Deficiency assessments are subject to interest from the due date until paid at the lesser of 18% per annum or the maximum permitted by applicable law.

10. Lost future revenue will consist of all amounts which you would have been obligated to pay as Royalty Fees from the date of early termination through what would have been the end of the term. Lost future revenue will be equal to the net present value (using the then-current 30-Year Treasury Bond rate as the discount rate) of the sum of: (a) the Royalty Fees you would have paid on the product of: (i) your Office's average monthly Franchisee Income during the Measurement Period, times (ii) the number of months remaining in the term prior to the date of early termination, and (b) 2/3 of the System Fees and TMF that would otherwise have been due for the remainder of the term. "**Measurement Period**" means, at our option: (a) the 12 months of operation preceding the date of early termination; or (b) the 12 months of operation preceding and including the date of the most recent closing for the sale of a business in which you acted as a broker.

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**ITEM 7.**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>(1)</sup>	\$47,500	\$47,500	Lump Sum	At signing of Franchise Agreement	Us
TMF <sup>(2)</sup>	\$1,500	\$3,000	Lump Sum	At signing Franchise Agreement	Us
Systems Fee (3 months) <sup>(3)</sup>	\$2,400	\$2,400	Lump Sum	At signing of Franchise Agreement then annually on or before January 1 <sup>3</sup>	Us
Travel and Living Expenses during Initial Training <sup>(4)</sup>	\$0	\$2,000	As incurred	During Training	Third parties: Airlines, Hotels and Restaurants, etc.
Equipment, Furniture & Fixtures (including Computer Equipment) <sup>(5)</sup>	\$2,000	\$5,000	As incurred	Prior to Opening	Third parties: Suppliers of Goods and Services
Signage <sup>(6)</sup>	\$250	\$2,500	As incurred	Prior to Opening	Third parties: Vendors
Target Marketing Database <sup>(7)</sup>	\$500	\$1,500	As incurred	As incurred	Third parties: Vendors
Office Lease (3 months) <sup>(8)</sup>	\$1,500	\$6,000	Monthly	Monthly	Third parties: Landlord
Local Advertising / SEO (3 Months) <sup>(9)</sup>	\$1,500	\$3,500	As incurred	As placed	Third parties: Vendors
Telephone/ Communications (3 Months) <sup>(10)</sup>	\$225	\$600	As incurred	Monthly	Third parties: Vendors
Insurance <sup>(11)</sup>	\$200	\$1,000	As incurred	Before beginning business	Third parties: Insurance Agent or Company

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Licenses and Permits <sup>(12)</sup>	\$150	\$1,500	As incurred	Before beginning business	Third parties: Governmental Authorities
Fictitious Name Registration, Incorporation and Legal Review <sup>(13)</sup>	\$500	\$1,500	As incurred	Before beginning business	Third parties: Attorney
Value Roll Out Program <sup>(14)</sup>	\$30	\$30	As incurred	As Agreed	Third parties
Internet Expense	\$50	\$250	As incurred	As agreed	Third parties
Additional Funds (6 Months) <sup>(15)</sup>	\$1,000	\$7,500	As incurred	As incurred	Third Parties
<b>TOTAL</b>	<b>\$59,305</b>	<b>\$85,780</b>			

**EXPLANATORY NOTES**

1. Our initial franchise fee includes a Branded Word Press Franchisee Website, Customizable VR® White Papers, Customizable “*Today’s Business Owner*” Electronic Magazine; Valuation Software Package, VR® Branding Package including a Computer Bag, Padfolio, 2 Polo Shirts, and 2 Long Sleeve Shirts, Conference / Meeting Package including 1 Pull-up Sign, 1 Pull-up Table Top Sign, 1 Logo Table Cloth, 3 Presentation Stands, Opening Stationary / Print Package including a selection on business cards, letterhead, envelopes, flyers, presentation brochures), Training Meal Plan including Continental breakfast and lunches while attending training in Fort Lauderdale, Advisor / Agent Training including once recruited by a franchisee, advisor / agent training is mandatory and is at no additional cost, Customized Electronic Marketing Material Package, Business-for-Sale Website Program.

2. The TMF is \$1,500 per year, payable on January 1 of each year with the first \$1,500 payment being due upon signing the Franchise Agreement and the second payment due on January 1 of the following year. For instance, if you sign your Franchise Agreement on November 1, 2023, you will pay \$1,500 on that date and you will pay \$1,500 on January 1, 2024. The low end of this estimate assumes that you will enter into your franchise agreement more than 3 months before January 1 and the high end assumes that your franchise agreement will be signed less than 3 months from January 1.

3. The System Fee is \$800 per month for the first year. This fee is fully earned when paid and is not refundable. The first payment is due on the date set forth on Exhibit A to your Franchise Agreement, and monthly thereafter. The System Fee is due on the 1st of each month.

4. This estimate includes costs for living and travel expenses for 2 trainees for up to 5 days. Travel expenses may vary depending upon your location relative to the location of training. The fee for the initial training itself is included in your Initial Franchise Fee. If additional persons require the initial training, the Additional Training Fee is \$5,000 per trainee.

5. This estimate includes the cost of obtaining the equipment, furniture (desk, chairs, bookcases, etc.), wall décor, fixtures, computer hardware and software. The amount you spend on office equipment, furniture and fixtures will also vary based on the quality of office equipment, furniture and

fixtures you select. We estimate the cost of purchasing the computer equipment between \$2,000 to \$3,000. You do have the option of leasing the computer equipment for \$150 to \$200 a month.

6. This is the estimated cost of interior and exterior signage. Your exact cost may vary based on the size and configuration of your building, zoning requirements and restrictions, and the requirements of your landlord. We will provide you with specifications for interior and exterior signage. All Offices are required to have standardized interior logos and such other signage as we may designate from time to time.

7. Promptly following the commencement of your Business, you must acquire a database of information identifying a minimum of 5,000 businesses of the type sold by VR<sup>®</sup> Offices and most accessible to your Site (the “**Target Market Database**”). You are responsible for obtaining the Target Market Databases. Payment of the costs related to the Target Market Database include the acquisition and upkeep of the database.

8. Rent expenses for each Site will vary depending on geographic location, square footage, age and condition of premises, lease arrangements and other such factors. The typical Site is located in an office building or business park and is approximately 1,200 square feet of office space, or 200 square feet for an executive office suite. This estimate assumes a standard office space, not an executive office suite. We estimate that your first 3 months’ rent will range from \$1,500 to \$9,000. This estimate includes a rental deposit ranging from \$0 to \$4,500. Real estate costs vary by market and we cannot estimate rental rates across all markets. Your rental rate may also include payment for certain build out items, fixtures and services. These depend on your agreement with your landlord. The initial investment assumes you will rent. If you purchase the premises, your initial expenses will dramatically increase.

9. You must spend \$500 per month on approved search engine optimization beginning on the effective date of your franchise agreement. See ITEM 11.

10. We advise Offices to have a minimum of 2 dedicated telephone lines (2 phone lines and Internet). Long distance rates vary depending on chosen plan and usage. The low range is based on fees of \$75 per month, while the high range assumes fees of \$200 per month. This does not include any initial deposits you may be required to make.

11. We require you to obtain and maintain insurance that meets our System Standards. See ITEM 8. Rates vary by location, office type and size. This estimate includes your initial premium payment of \$200 to \$1,000.

12. You must obtain, at your expense, all required permits, licenses and approvals for construction and operation of your Business. A local business license is required and a building permit may be required, if build out of the premises is necessary. Each county and/or state may differ in licensing and permit requirements for the services you will offer. It is your responsibility to research the requirements that apply to your specific geographic area and to operate in full compliance with applicable laws. All services provided by your Business must comply with applicable state, local and federal laws.

13. Legal fees vary by firm and required work.

14. See Item 6, Note 7.

15. This is an estimate of additional operating capital you may need to operate your Business during the initial start-up period (3 months) plus 3 additional months. The estimate includes payments to associations, licensing fees, and other miscellaneous fees to agencies. Your costs and expenses will depend on factors such as: how much you follow our methods and procedures; your sales and management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. The above items estimate your initial startup expenses. They do not provide for your cash requirements to cover operating losses after the initial phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your Business, which we estimate to be 3 months. We urge you to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for your Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting and operating your business. We do not believe that you can reasonably operate your Business without making the expenditures designated. These items reflect our recommendation to start small to minimize expenses during the first 3-6 months of operations. We relied on our experience in the business brokerage/intermediary industry and our information from the Offices to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Certain expenditures such as your salary, associate salaries, secretarial and receptionist services are discretionary and are not included. Cost of employee benefits, if any, are not included. If you are currently engaged in business sales, the expenses to convert to a VR® Office may be less.

Unless otherwise stated above, these estimates are subject to increases based on changes in the market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your Initial Franchise Fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable. We have arranged with an approved SBA lender to offer financing that would include operating capital, training costs, and the initial franchise fees for those qualified.

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**ITEM 8.**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Purchases from Us or Our Designee

We estimate that the amount of your payments of software fees, convenience fees and ACH charges to us will represent approximately less than 1% of your cost to establish the Business and from 0.5% to 2% of your cost to operate the Business. During the calendar year ending December 31, 2023, we did not receive any income from our franchisees.

Except as set forth above, you are currently not obligated to purchase or lease any goods, services, fixtures, equipment, inventory, computer hardware, software or real estate relating to the establishment or operations of your Franchise from us or our affiliates. However, we may require you to purchase certain goods or services (like marketing materials and e-commerce services) from us or our affiliates. We reserve the right to do so at any time.

Approved Suppliers

You must purchase all supplies (primarily marketing materials) required for use in the operation of the Franchise from any source that meets our standards and specifications and approval as set forth in the Manuals (our “**System Standards**”). Our System Standards may require that you purchase items, supplies, or services from suppliers we designate or approve (“**Approved Suppliers**”). Examples of such purchases include: interior signage and print materials. We estimate that purchases from Approved Suppliers represent approximately 3% of your cost to establish the Business and 2.5% of your cost to operate the Business.

We may arrange with third parties to offer franchisees the opportunity to purchase certain goods via the “VR® Store.” In general, Offices use the VR® Store to purchase marketing materials, stationery, promotional items, clothing, etc.

There are no suppliers in which any of our officers own an interest.

**Specifications and Standards**

We may require that you purchase, lease or license goods, services, items and supplies that meet our System Standards. If we have not designated a supplier, you may purchase these types of goods, services, items and supplies from any supplier so long as the good, service, item or supplier meets or exceeds (with our written approval) our System Standards. Purchases in accordance with our System Standards represent approximately 3% to 10% of your cost to establish the Business and 2.5% to 10% of your cost to operate it.

**Rebates**

We may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. During the 2024 calendar year, we did not receive any rebates from suppliers in connection with purchases by franchisees. But, we may do so in the future.

We do not provide any material benefits to you if you buy from sources we approve.

### **Purchasing or Distribution Cooperatives**

There are currently no purchasing or distribution cooperatives that you are required to join or in which you may participate.

### **Computer System, Office and Equipment**

You are required to have a suitable office, certain equipment and specifically you are required to purchase from any supplier of your choosing computer hardware and software equipment as specified from time to time by us. You will be required to procure and maintain computer software for use with our designated or approved computer related services. You should anticipate that every 3 years you might be required to update your computer / technology. There are no contractual limitations on the frequency or cost of this obligation.

We reserve the right to require you to purchase and use a standardized accounting system, CRM system, business management system and other software platforms from an approved or required vendor. We may require that any such system or platform provides us with unlimited access to financial and other data.

### **Insurance**

You must obtain and keep in full force and effect at your cost and expense a comprehensive general liability insurance policy naming us as an additional insured and insuring your Business, Site and us against any liability occurring in connection with the operation of your Business and the indemnity in the Franchise Agreement by you to us with coverage limits of \$1,000,000 (on a multiple occurrence basis) and a deductible no greater than \$5,000. We estimate that your insurance purchases represent approximately 2% of your cost to establish your Business and 0.5% of your cost to operate it.

### **Advertising/Internet Marketing**

We may require you to submit to us, for our prior written approval, all materials to be used for Local Advertising/Internet Marketing, unless they have been previously approved by us or they consist only of materials we have provided.

### **Approval of New Suppliers**

Currently, any supplier who is able to provide goods, services, fixtures, equipment, inventory, etc. meeting our standards and specifications is, in effect, an approved supplier. If we do maintain criteria for approval of Approved Suppliers, items, goods or services it may include their financing terms, history, participation in cooperative marketing and other programs we may designate, quality, delivery and other similar terms. If you want to use any item or service that does not comply with our System Standards or is to be purchased from a supplier, manufacturer, distributor or service provider that has not yet been approved, you must first give us written notice of intended change of supplier, manufacturer, distributor or service supplier and submit sufficient information, specifications and samples for our determination whether the type, model or brand of equipment, material or services complies with our System Standards or the supplier, manufacturer, distributor or service supplier meets our criteria for approval. We will, within 90 days of the date you provide us all such information we request, determine whether such type, model or brand, or service complies with our standards and specifications and/or whether such supplier, manufacturer, distributor or service supplier meets our criteria for approval. We will, from time to time,

establish procedures for submitting requests for approval of them and may impose limits on the number of approved items, services, manufacturers, distributors, service providers or suppliers. Approval of manufacturers, distributors, service providers or suppliers may be conditioned on requirements relating to product or service quality, frequency of delivery, standards of service and concentration of purchases with one or more manufacturer, distributor, service provider or supplier in order to obtain better prices, and service and may be temporary, pending our further evaluation of the manufacturer, distributor, service provider or supplier. Our approval of any Approved Supplier, standard or specification means only that it has met the standards we designate of VR® Offices, and not that we, in any way, warrant or guarantee the supplier or item's safety, performance or workmanship.

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**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.**

<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure Document ITEM</b>
(a) Site selection and acquisition / lease	Franchise Agreement: Sections 2.1 and 4.1	ITEMS 7 and 11
(b) Pre-opening purchases/leases	Franchise Agreement: Article 4	ITEMS 5, 6, 7, 8 and 11
(c) Site development and other pre-opening requirements	Franchise Agreement: Sections 2.1, 4.1, 4.2, 4.3, 4.4, 4.5 and 4.9	ITEMS 5, 6, 7 and 11
(d) Initial and ongoing training	Franchise Agreement: Sections 2.3 and 3.1(c)	ITEMS 6, 7 and 11
(e) Opening	Franchise Agreement: Section 4.4	ITEMS 7 and 11
(f) Fees	Franchise Agreement: Article 3 and Sections 2.3, 2.5, 6.2(e), 7.3, 8.3, 9.5, 10.2(f)(viii), 16.2(a)(v) and 17.5	ITEMS 5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	Franchise Agreement: Articles 4, 6, 7, 8, 9 and 11	ITEMS 8, 11 and 13
(h) Trademarks and proprietary information	Franchise Agreement: Articles 5 and 6	ITEMS 13 and 14
(i) Restrictions on products/services offered	Franchise Agreement: Sections 4.5, 4.10, 4.21, 4.22, 4.23 and 6.1	ITEMS 8, 11 and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Franchise Agreement: Section 4.21	ITEM 12
(l) Ongoing product/service purchases	Franchise Agreement: Sections 2.5, 3.1(b) and (b), 4.5, 4.10, 4.11, 4.12, 4.14, 4.19, 7.2, and 7.3	ITEMS 8 and 16
(m) Maintenance, appearance and remodeling requirements.	Franchise Agreement: Sections 4.2, 4.12 and 4.19	ITEM 8

<b>Obligation</b>	<b>Section In Agreement</b>	<b>Disclosure Document ITEM</b>
(n) Insurance	Franchise Agreement: Article 9	ITEMS 6, 7 and 8
<sup>(o)</sup> Advertising	Franchise Agreement: Article 7	ITEMS 6, 7 and 11
(p) Indemnification	Franchise Agreement: Section 14.2	ITEMS 6 and 8
(q) Owner's participation management/staffing	Franchise Agreement: Sections 4.6, 4.7 and 4.8	ITEM 15
(r) Records and reports	Franchise Agreement: Article 8	ITEM 6
(s) Inspections and audits	Franchise Agreement: Article 8	ITEM 6
(t) Transfer	Franchise Agreement: Article 10	ITEMS 6 and 17
(u) Renewal	Franchise Agreement: Article 16	ITEMS 6 and 17
(v) Post-termination obligations	Franchise Agreement: Article 12	ITEM 17
(w) Non-competition covenants	Franchise Agreement: Article 13	ITEM 17
(x) Dispute resolution	Franchise Agreement: Article 17	ITEM 17
(y) Liquidated Damages	Franchise Agreement: Sections 11.6 and 13.1	ITEM 6
(z) Principal Owner's Guaranty	Franchise Agreement: Section 14.3(f)	ITEM 15

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**ITEM 10.**  
**FINANCING**

Neither we nor any affiliate offers, directly or indirectly, any financing to you. We do not guarantee any of your notes, leases or obligations.

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

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

**Pre-Opening Obligations: Before you open your Business, we will:**

1. Provide training to you (or if you are a Business Entity, your owners) and your personnel and certain other employees prior to the opening of your Office. (Franchise Agreement – Section 2.3) The initial training is described later in this ITEM in greater detail.
2. Loan or make accessible to you 1 or more copies of our manuals in hard copy or access to online versions (“**Confidential Operating Manuals**” or “**Manuals**”). (Franchise Agreement – Section 6.1)
3. Provide you with advice and guidance regarding the Business. (Franchise Agreement – Section 6.1)
4. To the extent we choose, control and designate your e-commerce activities. (Franchise Agreement – Sections 7.4 and 7.5)
5. License the proprietary software and operating systems to you. (Franchise Agreement – Sections 4.5 and 5.7)
6. Provide you general advice concerning the Site selected by you for the location of your Business, by making, to the extent we deem appropriate, suggestions concerning its location, access, appearance and layout and if satisfactory approve it as the Site. (Franchise Agreement – Section 2.1)
7. Provide you master copies of the forms suggested by us for use in the implementation of the Marketing System and operations of your Business and other generic sales forms related to the promotion of the Franchise and implementation of the Marketing System. (Franchise Agreement – Section 2.2).

**Post-Opening Obligations: During your operation of the Business, we will:**

1. Provide general guidance and operational support based on reports you submit to us or inspections we make and as described in our Manuals. (Franchise Agreement – Section 6.1)
2. Provide or require periodic additional training or continuing education courses or programs, to the extent we designate (Franchise Agreement – Section 2.3(c))
3. To the extent we choose, control and designate your e-commerce activities. (Franchise Agreement – Sections 7.3 and 7.4)
4. Review the policies, procedures, governing documents and expenditures by local advertising cooperatives, if any. (Franchise Agreement – Section 7.3)
5. Make available to you any modifications suggested to Offices relating to the contents or form of the master copies, sales materials and advertising and techniques related to marketing that we

may develop during the Term, which may include publications, video, audio or digital materials for which we may charge our then-current fees. (Franchise Agreement – Section 2.5)

6. To the extent we designate in the Manuals, advise you, at the time and to the extent we designate, by consultation through phone, video conference and written communication, of new developments and techniques recommended by us for use in the operation of your Business. (Franchise Agreement – Section 2.5)

7. Provide operations support to you, at the times and to the extent we determine, as described in the Manuals as long as you follow and perform the procedures described in the Manuals and fully comply with the terms of the Franchise Agreement. (Franchise Agreement – Sections 2.5 and 6.1)

8. License to you the right to use the Marks and the other IP solely during the term of the Franchise Agreement, but not subsequent to expiration or termination of the Franchise Agreement, regardless of the reason for termination. (Franchise Agreement – Section 1.1 and Article 5)

12. At your request, furnish additional guidance and assistance as we deem appropriate. If, in our opinion, your requests for additional guidance and assistance are excessive or unreasonable, we may, at our option (i) refuse to provide such additional guidance and assistance, or (ii) charge you a fee to cover expenses we incur in providing such additional guidance and assistance, including per diem charges for our personnel. (Franchise Agreement – Section 2.5)

## **Advertising Programs**

### **Advertising Fund**

There is no Advertising Fund.

### **Local Advertising / Internet Marketing / SEO**

Beginning on the effective date of your franchise agreement, you must spend at least \$500 per month on approved search engine optimization marketing to market your Business. Then, beginning on the first anniversary of the Opening Date, you must spend at least 5% of Franchisee Income per month on Local Advertising (which includes IM, SM and/or SEO as we require or approve from time to time), and no less than \$500 of this expenditure must be on approved SEO. You will not be required to spend more than \$3,000 per month on Local Advertising, subject to increase based on the percentage year-over-year increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics (or comparable successor index). You may be required to submit evidence of such expenditures to us quarterly, no later than the 10<sup>th</sup> day of the first month of each succeeding quarter. You may spend more than the required minimum amount for Local Advertising, subject to our approval of all advertising materials. If we determine that you have failed to spend the required minimum amounts for Local Advertising, we may require you to reimburse us for amounts we spend to satisfy your Local Advertising requirements, plus our related costs. (Franchise Agreement – Section 7.2)

You may be required to submit to us for our approval all materials to be used for Local Advertising that have not previously been approved by us or materials that we have provided. All materials containing the IP must include the applicable designation - service mark <sup>SM</sup>, trademark <sup>TM</sup>, registered <sup>®</sup> or copyright ©, or any other designation we specify. You may have to comply with state or local law regarding the use of a separate identifiable trade name. If so, then you must obtain our consent to the way you utilize both

such trade name and its association with our Marks. If you have not received written or oral disapproval of materials submitted within 10 days from the date we received the materials, they are deemed approved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the VR System or the IP. You have 5 days after receipt of our written notice to withdraw and discontinue use of the materials or advertising to comply, unless we agreed otherwise in writing. The submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services. (Franchise Agreement – Section 7.2)

You must maintain a listing or listings on internet directories servicing the location of your Business (Franchise Agreement – Section 7.2). When the Franchise Agreement ends, these listings belong to us.

### **Advertising Cooperatives**

We may require you to join, participate in and contribute monies to local or regional advertising cooperatives if they are established for your area. If a local advertising cooperative is established for your market, you will be required to contribute to it an amount determined by the local advertising cooperative, participate in its activities and be subject to its governing documents. Company-owned Offices will make the same contributions and have the same voting rights as you do. We have the right to approve the policies, procedures, governance of and expenditures by local advertising cooperatives. As of the issuance date of this disclosure document, there are no local advertising cooperatives.

### **Advertising Councils**

As of the issuance date of this disclosure document, there are no franchisee advertising councils that advise us on advertising policies. We reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters. (Franchise Agreement – Section 7.3)

### **Website Advertising / E-Commerce Activities / Social Media**

We may acquire or establish any Website utilizing a domain name incorporating any variation of the Marks. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social media sites like Facebook, Instagram, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications). You will not establish a Website on the Internet using any domain name containing the Marks or any variation thereof. You acknowledge that we have all right, title and interest in and to such domain names, as we shall designate in the Manual or otherwise in writing from time to time. You will comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding your Office. You must use an email address linked to the domain we designate.

We currently operate Websites related to the System at [www.vrbb.com](http://www.vrbb.com), [www.vrbusinessbrokers.com](http://www.vrbusinessbrokers.com) and [www.vr-ma.com](http://www.vr-ma.com) (the “VR® Websites”). We issue you a WordPress website for your use. We may, but are not obligated to, provide you with one or more references, web pages or Websites within the VR Websites or any other Website that we establish and maintain from time to time. We retain the sole right to market the VR® Offices and to use the Marks on the Internet, including all use of Websites, domain names, URLs, directory addresses, linking, meta-tags, advertising, auction sites, e-commerce, co-branding arrangements and other arrangements. You grant to us sole right, title

and interest in and to all content, including all images and video on the website we issue you, all of which is our intellectual property.

You may not: (a) use the Marks, or any derivation thereof, as part of any domain name or electronic mail address, without our prior written consent; (b) establish, or permit any other party to establish, a Website relating in any manner whatsoever to the VR® Office or referring to the Marks; or (c) establish, or permit any other party to create a third-party website to your benefit that promotes any similar services offered by VR® franchises, with or without using the Marks. Your failure to comply is a material default under your Franchise Agreement, and you will be liable for liquidated damages for your breach in accordance with the franchise agreement. (Franchise Agreement - Section 7.4)

You must execute our then-current form of Conditional Assignment of Domain Names, Social Media Identities and E-Mail Addresses (a current form of which is attached as Exhibit E to this Disclosure Document), which, among other things, requires you to provide to us upon request the passwords for all social media accounts that you use in connection with the business.

### **Computer System**

We may require that you purchase services, computer equipment and computer software for use with our designated or approved computer related services as part of the Office setup (the “**Computer System**”). We estimate that the computer equipment will be between \$2,000 and \$3,000 and that leasing it will be between \$150 to \$200 per month. When applicable, you will use all custom computer software and accompanying information and other IP purchased or acquired from us or our designated or approved suppliers only for your operation of the Business and for no other purpose. When applicable, computer related services may include: reporting required information to us; required accounting and banking functions; aids to transaction handling and processing; documents for your use in the operation of the Business generally, including: advertising, directories, referral networks and communications; information input, retrieval and transfer generally; access to any Cloud based data or storage; and operation of regional, national and/or international databases. You must purchase and maintain appropriate virus and information, privacy and computer crime protection measures we designate from time to time. (Sections 3.1, 4.5 and 5.7 - Franchise Agreement). Computer System Requirements include:

- High speed broadband internet access;
- IBM compatible Pentium processor;
- Most current version of Windows Operating System
- Compatible printer

You must provide any assistance we require and comply with all of our System Standards to bring the Computer System “on-line” with our computers. We have the right to retrieve all data and information regarding your VR® Franchise that we deem necessary, in a format we mandate, from your computers. All such information is considered proprietary to us. We will have unlimited “master” access to all Proprietary Software accounts used in connection with your Business. All specified items to be installed or purchased, or activities to be accomplished by you, and the delivery of all hardware and software, are at your sole expense. (Section 4.5 – Franchise Agreement)

We reserve the right to require you to purchase and use a standardized accounting system, CRM system, business management system and other software platforms from an approved or required vendor.

We may require that any such system or platform provides us with unlimited access to financial and other data.

The Computer System may be designed to accommodate a certain maximum amount of data. As limits are achieved, and/or as technology and/or software is developed in the future, we, in our sole discretion, may require you to add memory, ports and other accessories and/or peripheral equipment and/or additional, new or substitute software to the original Computer System. We may require you to replace or upgrade the Computer System with another system capable of assuming and discharging all of our specified computer-related tasks and functions. Because computer designs and functions change periodically, we may make substantial modifications to the Computer System's specifications during the Term. To ensure full operational efficiency and communication capability between our computers and your Computer System, you must keep the Computer System in good maintenance and repair. You must install, at your expense, all additions, changes, modifications, substitutions and/or replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as we direct. Upon termination or expiration of the Franchise Agreement, all software, disks, tapes, other magnetic storage media, cloud based storage and access, passwords granted, access given in a form mandated by us which we provided to you must be returned to us at your expense in good condition (reasonable wear and tear excepted, if applicable), and you will delete all software and applications from all memory and storage, without copying for your benefit, with proof of such provided to our technology representative.

We strongly recommend that you do not use any personal phone numbers in connection with the business of your VR® Office. The Conditional Assignment of Telephone Numbers And Directory Listings attached as Exhibit D to this disclosure document requires that you assign to us all phone numbers used in the operation of your VR® Office business, including any personal numbers.

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for the Computer System.

### **Operations Manual**

After you have signed your Franchise Agreement and shortly before Initial Training we will loan to you or make available to you in electronic form a copy of our Manuals. Our Manuals contain proprietary information, like our System Standards, and you must keep this information confidential. The table of contents of our Manuals which contains 807 pages are attached as Exhibit "J."

### **Site Selection Methods**

Each Franchise Agreement is granted for a specific location (the "Site"). While we will offer general counseling and advice in Site selection and all Sites must be approved by us, we do not undertake to guarantee the suitability or success of the accepted Site. (Section 2.1 – Franchise Agreement). The Site should have ample free parking and preferably be located in an office type area. Your Office should consist of a suitable boardroom and should sufficiently accommodate associates and guests. We generally approve your Site by signing a Site Approval Form after you provide us with all of the information and materials that we request. For example, we require you to provide us with photographs of the Site and surrounding area, copies of the proposed lease and landlord's consent to its terms. Generally our approval occurs within 10 days after you provide all materials requested. Your Site must be approved prior to attending the in-person portion of the VR® Initial Owner Training so that you are immediately in business

once training is successfully completed. You may not commence operations until we approve your Site. If you cannot locate a suitable Site, we may terminate the Franchise Agreement.

Upon our prior written approval, you may start operations using an executive office suite in a shared office space. If you open in an executive office suite, your territory will be a 2-mile radius around Site, or approximately 12 square miles (an “**Executive Center**”). The Executive Center may be expanded within the first 36 months of the term of your Franchise Agreement, to a 4-mile radius, or approximately 50 square miles, when you move to an approved independent office space of at least 1,200 square feet; provided, however, that the expanded territory is available.

### **Time Between Signing of Franchise Agreement and Opening of Business**

You must open your Business within 60 days after you sign the Franchise Agreement. You must meet all of our pre-opening requirements before opening the Office. The Office must be operational by the commencement date indicated in Schedule A of the Franchise Agreement. Typically, an Office is operational within 60 days after signing the Franchise Agreement.

### **Initial Training (Mandatory)**

We will provide you with our Initial Training Program which begins with a 10-day blended virtual study program that includes a minimum of 10 VR® Master Business Intermediary Academy Courses and Presentations; manual and textbook learning; and introduction to VR® operating systems: followed by a 2-day, 25 mini-webinar training on the your VR® custom website: followed by a 5-day VR® Initial Corporate Training for up to 2 trainees (attending the same training class) at a location we designate. This portion of the training is also available through prerecorded seminar and video conferencing. (Section 2.3 - Franchise Agreement) You must pay all travel and living expenses for you and your trainees; however, lunches are supplied daily during training at no additional expense.

We anticipate that the Initial Training Program will be held on the average of 12 times per year or on an as-needed basis. The Initial Training Program is designed to develop the technical and management skills necessary for the operation of an Office. We may require you and your trainees to complete, to our satisfaction, the 10 VR® Master Business Intermediary Academy Courses and accompanying study materials before other parts of Initial Training are provided.

Initial Training will cover an introduction to business sales, art of selling, managing your listings, recruitment of agents/associates and general operations of your Office. The Initial Training Program will also provide you with the training information and materials to later train your own associates not attending the Initial Training Program averages 8 hours daily for both the virtual and classroom portions. The Initial Training will be held at locations we designate, which currently is at our Corporate Headquarters at 2601 East Oakland Park Boulevard, Suite 300, Fort Lauderdale, Florida 33306, through video conference or pre-recorded presentations.

The instructors primarily conducting our initial training program include Frank Feiler, Operations and Educational Services; Tim Bellon, MVI, Corporate Trainer; Jeff Kalil, Corporate Trainer; James Watt, Corporate Trainer; Peter King, Chief Executive Officer; and JoAnn Lombardi, President. Each of our instructors has at least 15 years of relevant experience in the subjects they are teaching and over 5 years of experience with us.

Initial Training will occur within 60 days after the Franchise Agreement is signed unless we agree otherwise in writing. You, or your Owner, may attend initial training as many times as you deem necessary at no additional cost.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
VR® Master Business Intermediary Academy (virtual)	80	0	At your local
VR® Custom Website Training (25 Mini Webinar)	16	0	At your location
Introduction to VR® History of Business Sales Office Start-Up (Legal Section, Lease, Office Layout, Bank Selection, Furniture Considerations Section, VR Code) The Market, Why VR Sales Skills, Prospecting, Inventory, Formula for Success	8	0	Our Headquarters— Fort Lauderdale, Florida
Quantity versus Quality, Mix/Type of Listings, Contacting Owners Cycle of Business Ownership Seller's Psychology Listing Presentation Advantages to using a broker Reason for using VR Documentation: (Forms) Listing Agreement Amendment Addendum Pricing: Understanding Financials Seller Discretionary Earnings Buyer Discretionary Earnings Pricing Formulas	8	0	Our Headquarters— Fort Lauderdale, Florida
Marketing & Servicing the Listing Computer Input Advertising Buyer Management Ad Call Statistics Interview Buyer Stats Buyer Education	8	0	Our Headquarters— Fort Lauderdale, Florida
The Offer Offer Forms Writing, Presentation Counter offer Offer Presentation Transaction Management Closing Transaction Red Flags	8	0	Our Headquarters— Fort Lauderdale, Florida
Recruitment Retention Training Office Policy & Procedures Ongoing Assistance Advance Business Brokerage	8	0	Our Headquarters— Fort Lauderdale, Florida
Attend and Participate in a Functioning Office Sales and Training Meeting	0	4	
<b>TOTALS</b>	<b>136</b>	<b>4</b>	

The materials used in training include the manuals as well as other presentation materials including handouts.

#### **Failure to Complete Initial Training**

If any Trainee fails to complete to our satisfaction any part of Initial Training, we may: (i) retrain the Trainee or train another Trainee, at your expense and for our then-current Additional Training Fee

(currently \$1,000 per trainee per day); or (ii) elect to terminate the Franchise Agreement. (Section 2.3 – Franchise Agreement).

### **Mergers & Acquisitions Training Program with The University of Miami Herbert Business School**

We have partnered with the University of Miami Herbert Business School to provide an optional Mergers and Acquisitions ("M&A") training course. The course is 8 weeks, and includes modules on: (1) introduction to complex deals; (2) partial control strategies; (3) complete control strategies; (4) economic impact of M&A; (5) United States markets; (6) doing business across borders; (7) emerging markets; (8) risks and benefits of M&A. The course is self-paced and fully virtual, combined with live UM faculty meetings over video conference to address questions on the modules. If you choose to take this course prior to opening, or within the first 12 months after opening, then we will cover the cost of the course (for one person) as part of your initial franchise fee. For any additional trainees, or if you choose to take this course more than 12 months after you have opened, you may be required to pay the then-current registration fee for the course to either us or the university. We may modify or discontinue this program at any time.

### **VR® Master Business Intermediary Academy**

We may conduct additional training programs, on an optional or mandatory basis, from time to time throughout the United States. We may advise you that we believe you would benefit from the Additional Training. However, your attendance for training that we designate is not mandatory. We will bear the expense for presenting the non-mandatory training. If we designate Additional Training as mandatory, you must attend and, at our option, you may be required to pay our then-current Additional Training Fees. We do not currently charge an Additional Training Fee, but we reserve the right to do so. You will bear the cost of your own travel and living expenses during any Additional Training and pay any registration fee we charge for Additional Training.

### **Annual Convention**

You and any of your personnel that we designate may also be required to attend any annual, semi-annual or other periodic conventions or meetings ("**Periodic Meetings**") that we designate (unless excused by us 90 days prior to the Periodic Meeting). Periodic Meetings will, among other things, provide additional training. You must pay any Periodic Meeting registration fees. We do not currently charge a Period Meeting registration fee, but we reserve the right to do so. You will also bear the cost of your own and your personnel's' travel and living expenses in attending Periodic Meetings. Registration fees are due immediately upon our invoice to you, which may be prior to the commencement of the Periodic Meeting. If you fail to timely register or attend, you will be in breach of your Franchise Agreement, and will also owe us any fees associated with the Periodic Meeting. See ITEM 6.

### **New Manager and Shareholder Training (Mandatory)**

All new Managers and shareholders (10% or greater shares) must successfully complete our Initial Training Program.

### **VR® Agent / Advisor / Intermediary Training (Mandatory)**

VR® Agent training is a mandatory training program for all new VR® agents. The training is offered in person in Fort Lauderdale, Florida at our Corporate Offices; through video conference; or in

prerecorded format. Acknowledgement of completion by you is also mandatory for an agent to be recognized for VR® programs and access to VR® Systems. There are no additional fees that you or an agent must pay to us to attend and complete this training. However, we reserve the right to charge mandatory agent training fees in the future. You or your agents are responsible for all travel, meal and lodging expenses related to attendance of mandatory agent training. See ITEM 6.

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**ITEM 12.**  
**TERRITORY**

**Your Territory**

You will receive an exclusive territory and have no trade restrictions as to where you do business, except that we may prohibit you from marketing in areas outside of the county where your Territory is located if we deem your marketing to be in conflict with another VR® Office or our goals for franchising the system of VR® Offices. If you or any agents are based outside of the county where your Territory is located, you must pay our then-current extraterritorial agent fee, which may be imposed on a per-agent basis. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your specific geographic area which comprises your “**Territory**” is designated in Schedule A to the Franchise Agreement. As long as you are in full compliance with the Franchise Agreement, we will not own, operate or franchise any other Office, which is located directly within the Territory; except:

(i) a franchise to operate as a broker/intermediary under a Franchise Agreement granted by us, our predecessors or anyone identified in ITEM 1 of this disclosure document, before signing the Franchise Agreement may be allowed to continue to operate in the Territory and to renew its Franchise Agreement or convert to a Franchise Agreement granted by us at our discretion; or

(ii) if you are in breach of this Agreement (including your failure to meet our Performance Standards), which has not been cured after our written notice of default within any applicable cure period, then at our option, we may terminate this Agreement or modify, reduce or eliminate any of your exclusive rights in the Territory.

The standard Territory will generally be a 4-mile driving radius (approximately 50-square mile area) in which your Office is centrally located. The Territory for an Executive Office (or any approved site less than 1,200 square feet) will generally be a 2-mile driving radius (approximately a 12-square mile area) in which your Office is centrally located.

You will not have the right to acquire additional Territories, contiguous or otherwise. Also, we do not grant you any right of first refusal to acquire additional Offices.

We, in our sole discretion, may limit, prohibit or restrict you or your associates’/agents’ activities outside of the county where your Territory is located if we deem your marketing to be in conflict with another VR® Office or our goals for franchising the system of VR® Offices. You must comply with all of our System Standards relating to extra-territorial activity which we may change, alter or amend at any time upon notice to you.

Your rights in and to your Territory do not permit you to act as a broker/intermediary for or receive fees for the sale of any other franchised VR® Businesses other than your own VR® Business unless previously approved in writing by us.

At this time, we do not have plans to operate or franchise a business under a different trademark selling goods or services similar to those sold by VR® Businesses.

### **Minimum Performance Standards**

Throughout the term of your Franchise Agreement you must, at your cost and expense, use your best efforts to solicit and cause owners of businesses and potential buyers of businesses to engage you to serve as their business broker/intermediary. Obtaining and maintaining listings of both businesses for sale and sales representatives are critical to the success of your Business. The “**Performance Standards**” are as follows: (1) beginning on the first anniversary of the effective date of your Franchise Agreement and ending on the second anniversary of the effective date of your Franchise Agreement, you must complete a minimum of 1 business sale; and (2) beginning on the second anniversary of the effective date of your Franchise Agreement and in each year thereafter, you must complete a minimum of 2 business sales per year.

If you fail to achieve and maintain the Performance Standards, we at our sole discretion may: (i) modify, reduce or eliminate your Territory; or (ii) terminate this Agreement. We will have the right to own, operate or franchise other VR® Offices within the former Territory.

THE MINIMUM PERFORMANCE STANDARDS DO NOT IMPLY THAT YOU WILL EXPERIENCE GROSS REVENUES OF ANY PARTICULAR LEVEL.

### **Elimination of Territory**

Upon the occurrence of an event of default, in lieu of termination of the Franchise Agreement, we have the right to either of the following: (i) the Territory may become non-exclusive, or (ii) the Territory may be reduced or reconfigured by us, as we determine in our sole and absolute discretion and specify by written notice to you, and we will have the right to own, operate or franchise other Offices within the Territory.

### **Rights We Reserve**

We (and our affiliates) retain the right in our sole discretion to do the following ourselves or grant others the right to:

- (a) solicit prospective franchise owners and grant other persons Franchises, or other rights to operate Offices: through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;
- (b) own and operate Offices anywhere, except in your Territory;
- (c) sell, solicit, recruit and provide services for any businesses or any franchised business not defined as an Office in this Agreement;
- (d) sell, and provide the products and/or services authorized for sale by, VR® Offices under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce), within and outside of your Territory and pursuant to such terms and conditions as we consider appropriate;

(e) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at VR® Offices, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory);

(f) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction, including without limitation, by a purchaser who acquires a majority or controlling interest), by a business providing products and services similar to or the same as those provided at VR® Offices, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Territory;

(g) conduct all internet related, e-commerce, social media and related communications relating to the operation of VR® Offices or the selling of services offered at any of the VR® Offices. In this connection, we will have the sole right to establish one or more websites that contain any of the Marks or that advertise, market or promote any of the services that we authorize for VR® Offices. You agree to follow our rules and policies with respect to the use of the internet and social media, both for advertising and marketing, and for the conducting of electronic commerce. We may engage in internet and e-commerce, marketing, promotion and operation even if those activities affect customer relationships within your Territory;

(h) solicit prospective franchise owners for, and to own and operate businesses of any other kind or nature other than Offices, anywhere regardless of whether or not such businesses use the Marks or other IP;

(i) operate, or grant to others the right to operate, Offices in the Territory if you do not meet or exceed the Performance Standards; and

(j) inside or outside of the Territory, operate and grant others the right to operate, businesses other than Offices using the Marks, System and IP (e.g., equipment leasing businesses).

You may use the Internet to advertise on our VR® Websites only in compliance with the Franchise Agreement. You cannot operate a website that does not contain the VR® trademarks but offers the same or similar services as VR®.

We do not generally grant options, rights of first refusal or similar rights to acquire additional franchises, as each franchise is awarded on a franchise-by-franchise basis. Accordingly, you may only acquire additional franchised VR® Offices from us if you meet our qualifications at the time you apply. And we may limit the number of VR® Offices owned by any franchise owner or its affiliates.

You may only relocate your VR® Office with our approval, both for the relocation and for the new site. We apply the same considerations for evaluating relocation of a VR® Office and the leasing of the additional site as we do for VR® Offices and site generally. We generally require that you relocate to a site within your Territory. However, if you request, and we approve, the relocation of your VR® Office to a site located outside the Territory, then we may charge you a relocation fee equal to 1/2 of our then-current Initial Franchise Fee. We have the right to terminate the Franchise Agreement if you relocate your VR® Office without our prior approval.

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**ITEM 13.**  
**TRADEMARKS**

The Franchise Agreement grants you the right to operate VR® Office under the Marks and to use any future Marks we authorize.

**Registrations and Applications**

The principal Marks are registered with the U.S. Patent and Trademark Office (“USPTO”) as stated in the following table. All required affidavits have been filed.

Mark	Register	Registration Number	Registration Date
VR®	Principal	1,535,712	04/18/89
VR®	Principal	1,760,210	03/23/93
VR BUSINESS BROKERS®	Principal	1,770,390	05/11/93
VR MERGERS & ACQUISITIONS®	Principal	3,153,234	10/10/06
VR SINCE 1979®	Principal	3,200,991	01/23/07
VR HAS SOLD MORE BUSINESSES IN THE WORLD THAN ANYONE®	Principal	3,262,673	07/10/07
	Principal	3,526,836	11/04/08
MVI®	Principal	3,317,552	10/23/07
MBI® (Providing recognition and incentives by the way of awards to demonstrate excellence in the field of business brokerage service)	Principal	3,337,032	11/13/07
MBI® (business brokerage services)	Principal	3,567,318	01/27/09
VR VALUED REPRESENTATION®	Principal	3,621,990	05/19/09
MASTER BUSINESS INTERMEDIARY ACADEMY®	Principal	3,671,693	08/25/09
IT’S WHO WE ARE, IT’S WHAT WE DELIVER®	Principal	3,824,909	07/27/10
TODAY’S FRANCHISE OWNER®	Principal	3,995,144	07/12/11

You must use the Marks in compliance with our rules and may not use any other names or Marks or service marks in connection with the operation of your Office other than your own business or corporate name. You may not use any of the Marks in connection with your business or corporate name, unless we otherwise agree in writing.

**Proceedings**

There is no known effective determination of the USPTO, Trademark Administrator of any state or any court, or any pending interference, opposition or cancellation proceeding or pending litigation involving these Marks, logotypes and commercial symbols which are relevant to their use in the state where you may be located.

## Agreements

There are no agreements that limit our right to use or license the use of the Marks, logotypes or commercial symbols in any manner material to you.

## Infringing or Prior Uses

We are not aware of any infringing uses that could materially affect your use of our Marks.

## Your Rights and Obligations With Respect to the Marks

Your rights to use the Marks are derived solely from your Franchise Agreement and are limited to the operation of your Business under your Franchise Agreement and all applicable standards, specifications, and operating procedures we require during the Term. Any unauthorized use of the Licensed Rights including the Marks is a breach of your Franchise Agreement and an infringement of our rights in and to the Marks and Licensed Rights. Your use of the Marks and other IP, and any goodwill established by your use of the Marks or other IP, inures to our exclusive benefit. The Franchise Agreement does not confer any goodwill or other interest in the Marks or other IP to you, other than the right to operate an Office in compliance with the Franchise Agreement. All provisions of the Franchise Agreement applicable to the IP apply to any other Marks, service marks, commercial symbols, designs, artwork, and logos that we may adopt, use, authorize or license to you to use during the Term. We prohibit or condition your use of the letters “V,” “R” and “B” and/or the words “acquisitions”, “brokers”, “mergers” and/or “divestiture” (“**Prohibited Words**”) in any advertisements or in your corporate or business name. You must form a new business entity (the “**Business Entity**”) to operate your VR Franchise. The Business Entity must be limited to the conduct of the VR® Franchise business and no other business operations. Your Business Entity name is subject to our approval. You must have the name for your business entity end with the phrase “Business Group” or “Advisory Partners.” You must dissolve the Business Entity and completely deidentify it with the VR® System within 30 days after termination, expiration or transfer of your VR® franchise. After dissolution of your Business Entity, you must not form another entity using a name that contains any of the words found in the Business Entity name; or that could be considered confusingly similar to the Business Entity, VR, KLA, King or Lombardi.

You must only use the Marks and IP we designate as the sole trade identification of your Office, and must identify your Office in the form we require as the independent owner of the Office. You must use all Marks and other IP and other commercial symbols that we may license in full compliance with our System Standards. You are prohibited from using any Marks or other IP we designate (including any future commercial marks we license) in the sale of any unauthorized service or in any manner we have not explicitly authorized. You cannot use the Marks “VR®” or “VR Business Brokers®” as, or as part of, your corporate or partnership name. You must follow our instructions in complying with any fictitious, trade or assumed name statutes for your trade name. You may not use the Marks or other IP as security for any obligation or indebtedness. Without our prior written approval, you will not use any Mark, or any confusingly similar rendition thereof, as part of any e-mail address, Website, domain name or any other electronic media (including use with any prefix, suffix or other modifying words, term designs, or symbols), or in any other manner connected with a Website, advertisements on a Website, social media platform, or other similar electronic media relating to your VR® Office.

Upon any claim of infringement, unfair competition or other challenge to your right to use any Marks or other IP, or if you become aware of any use of or claims to any Marks or other IP by persons other than us or our Franchisees, you must notify us promptly (within 7 days) in writing. You must obtain

and maintain all insurance policies of the type we designate, like advertising injury insurance. You must name us as an additional insured under your insurance policies. You may not communicate with anyone except us and our counsel in any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action in any infringement, challenge or claim, and the sole right to control any litigation or other proceeding involving any infringement, challenge or claim of any Mark or other IP. You must sign all instruments and documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Marks or other IP or otherwise to protect and maintain our interests in the Marks and other IP.

**Indemnification by Us**

We indemnify you against and will reimburse you for all damages for which you are held liable in any proceeding arising from or in connection with your use of any Marks or other IP in accordance with the Franchise Agreement, but only if you: (a) have timely notified us of the claim or proceeding in accordance with the Franchise Agreement; (b) have fully complied with all of the terms of the Franchise Agreement; (c) allow us sole control of the defense and settlement of the action in accordance with the Franchise Agreement; and (d) cooperate fully with us and our counsel in the defense of the action.

**Modification**

If we deem it advisable to modify or discontinue the use of any Mark or other IP and/or use additional or substitute names or marks, you are obligated to do so at your expense within 30 days of our request. You are responsible for your reasonable direct printing and new signage expenses in modifying or discontinuing the use of the Marks or other IP and substituting different Marks or other IP.

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**ITEM 14.**  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

**Patents**

We do not own any rights in any patents that are material to the VR® franchise.

**Copyrights**

We claim a copyright interest in all our Franchise Agreements, IP, Manuals, their updates and amendments, forms, audio and visual tapes, digital materials and computer programs, Computer System, Marketing System and Operating System (collectively, the “**Systems**”), materials we publish concerning aspects of our business, and certain material advertisements and sales tools and guides, along with all images, video, text, and content in any form found on websites, internet/virtual marketing or social media sites that are associated with the VR® business (with or without the VR® marks or competitive with a VR® business). You must promptly notify us in writing upon any violation or suspected violation of the confidentiality of the Manuals or the Systems or the unauthorized use of the Manuals or the Systems.

**Agreements and Infringement**

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any right you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

**Indemnification by Us**

We indemnify you against and will reimburse you for all damages you are held liable in any proceeding from your use of any IP in accordance with this Agreement, but only if you: (a) have timely notified us of the claim or proceeding in accordance with the Franchise Agreement; (b) have fully complied with the Franchise Agreement; (c) allow us sole control of the defense and settlement of the action in accordance with the Franchise Agreement; and (d) cooperate fully with us and our counsel in the defense of the action.

**Modification**

If we deem it advisable to modify or discontinue the use of any of the IP and/or use one or more additional or substitute names, trademarks or copyrighted materials, you are obligated to do so at your expense within 30 days of our request. You are responsible for your reasonable direct printing and new signage expenses in modifying or discontinuing the use of the IP and substituting different IP.

**Confidential Information**

The Manuals and other copyrighted materials made available to you contain confidential and proprietary information and are our trade secrets. We possess and will develop and acquire certain confidential and proprietary information and trade secrets consisting of the following categories, whether password protected or not, of forms, templates, educational courses and presentations, seminars, website content, information, methods, techniques, procedures and knowledge we, our affiliates, or our

Franchisees develop (the “**Confidential Information**”) including: (1) our methods, techniques, specifications, standards, policies, procedures, information, concepts, systems, VR® business development plans and knowledge of the experience in our development, operation and franchising; (2) our marketing and promotional programs for business brokerage/intermediation; (3) our proprietary software, including operating systems; (4) knowledge of our customer lists and those of our franchisees, operating results and financial performance; and (5) any other information we designate as Confidential Information.

In the course of the operation or promotion of your Business, you (or your owners) or your employees may develop ideas, concepts, methods, techniques, text, images, video, audio, educational courses /workshops, testimonials or improvements (the “**Improvements**”) relating to your Business or the System, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of the Business or any aspect of the System. Improvements will then also constitute Confidential Information.

We will make available to you all parts of the Confidential Information as are required for the operation of the Business during Initial Training, in the Manuals, and in guidance and assistance furnished to you during the Term, and you may learn additional Confidential Information during the Term. You must agree to disclose the Confidential Information to your employees / subcontractors only to the extent reasonably necessary. You agree that, during and after the Term, you, your owners and employees / subcontractors will: (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the VR® Office concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (iv) adopt and implement all procedures that we prescribe to prevent unauthorized use or disclosure of, or access to, the Confidential Information.

All persons whom you permit to have access to the Manuals or any other Confidential Information, must first sign our form of Confidentiality and Nondisclosure Agreement attached as Exhibit “M-1” to this disclosure document. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information in the operation of your Business under your Franchise Agreement. You, or if you will operate your business through a business entity, your principal owners, must execute the Confidentiality and Non-Disclosure Agreement attached as Exhibit M-2 to this disclosure document.

You must report the theft, loss or destruction of, or unauthorized access to, the Manuals immediately to us. Upon the theft, loss or destruction of the Manuals, we will loan to you a replacement copy at a fee of \$500 for each Manual. A partial loss or failure to update any Manual is considered a complete loss.

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

You agree that your Franchise is not a “passive” investment but requires your day-to-day supervision of the operation of your Franchise. You must designate a “**Manager**” to operate the Franchise, which must be you (if you are an individual); the owner of a majority of the voting and ownership interests in you (if you are a Business Entity); or an individual approved by the Franchisor. The Manager must devote his or her full time and best efforts to the management and operation of the Business, and must supervise the day-to-day operations of the Business. Each Manager must attend and successfully complete the Initial Training Program in accordance with our specifications. You understand that the success of your Business is dependent upon the efforts of you and your owners and will require your active involvement.

Beginning on the first anniversary of the effective date of your Franchise Agreement and ending on the second anniversary of the effective date of your Franchise Agreement, you must complete a minimum of 1 business sale. Then, beginning on the second anniversary of the effective date of your Franchise Agreement and in each year thereafter, you must complete a minimum of 2 business sales per year.

You, each of your owners, and your applicable employees, subcontractors and agents must sign a written Confidentiality and Non-Disclosure Agreement (attached as Exhibit “M”). You must, to the extent applicable, maintain: (a) confidentiality of the trade secrets described in ITEM 14 of this disclosure document and the Franchise Agreement; and (b) conform with the covenants not to compete described in ITEM 17 of this disclosure document and the Franchise Agreement. Your owners must sign and deliver to us our form of Principal Owner’s Guaranty and Principal Owner’s Statement, attached as Exhibits “K” and “L” to this disclosure document.

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**ITEM 16.**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

Generation of Income You may not offer or sell any products or services we do not designate or approve for sale by Offices. You may only generate income from (i) the conduct of business broker/intermediary activities consistent with the VR® franchise system including brokerage commissions, consulting fees, referral fees, real estate fees, exit planning fees, succession fees, franchise consulting / referral fees, franchise development fee, valuations fees and related income; or (ii) the conduct of other services which are allowed by virtue of business broker/intermediary licenses or which involve expertise in business broker/intermediary activities. During the term of your Franchise Agreement, you must not: (i) operate any other business with the same telephone number as the Business; (ii) solicit or accept payment of any kind, other than a fee related to co-brokering or a referral, from a VR® franchisee or supplier, or owner, part owner, or operator of, or affiliated with, another business brokerage business; (iii) share or dispense leads of prospective sellers and buyers of businesses, except in accordance with the Manuals and our policies and procedures; and (iv) open, operate or co-own a non-VR® Office, broker/intermediary office, real estate office, business service or location.

**No Sales Restrictions**

You are free to solicit customers from anywhere, provided we determine, in our sole judgment, that the solicitation does not adversely affect another Office (inside its territory) or otherwise conflict with our goals for the VR® franchise system.

**No Sales of VR Businesses**

Unless we provide you specific express written permission to do so, you are not permitted to act as a broker/intermediary or receive any fee in connection with the sale of a franchised VR® Business other than your own VR® Business. We may require you to provide us any information we may designate as a condition for our granting permission to you to do so.

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**ITEM 17.**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section In Franchise Or Other Agreement	Summary
a. Length of the franchise term	Franchise Agreement: Section 16.1	The initial term of the Franchise Agreement is 20 years beginning on the Effective Date.
b. Renewal or extension of the term	Franchise Agreement: Section 16.2	You have the right to obtain a successor franchise for a term of 20 years, if you meet the requirements for our grant of a successor franchise.
c. Requirements for franchisee to renew or extend	Franchise Agreement: Section 16.2	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Other conditions are: 1. You must not be in default of your Franchise Agreement or any other agreement with us or our affiliates; 2. You must give us written notice of your intention to exercise your right to a successor franchise no earlier than 9 months nor later than 6 months prior to expiration; 3. You must sign and deliver to us our then-current form of VR® Franchise Agreement; 4. You must sign a general release of all claims against us, our subsidiaries and affiliates, and our and their respective officers, directors, shareholders, agents and employees; 5. You will pay no Initial Franchise Fee for the successor Franchise Agreement, but instead pay to us a successor franchise fee of \$10,000; 6. You must complete to our satisfaction, all maintenance, refurbishing, renovating and upgrading we require; and 7. The continuance of the business of the VR® Office has not been determined to be unlawful by a regulatory body or court having jurisdiction thereof.
d. Termination by franchisee	Franchise Agreement: Section 11.1	You may terminate only if both: (a) you are in full compliance with the Franchise Agreement; and (b) we materially breach the Franchise Agreement and fail to cure the breach within a reasonable time (at

Provision	Section In Franchise Or Other Agreement	Summary
		least 60 days), after written notice of breach is delivered to us.
e. Termination by franchisor without cause	Not Applicable	We do not have the right to terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	Franchise Agreement: Sections 11.3, 11.4 and 11.5	We may only terminate your Franchise Agreement with cause.
g. "Cause" defined – curable defaults	Franchise Agreement: Section 11.5	Any default other than those specified in Sections 11.3 and 11.4 of your Franchise Agreement may be cured within 30 days of written notice from us of the default.
h. "Cause" defined – non-curable defaults <sup>3</sup>	Franchise Agreement: Sections 11.3 and 11.4	<p>The following defaults may not be cured:</p> <ol style="list-style-type: none"> <li>1. Insolvency or general assignment for benefit of creditors;</li> <li>2. Filing in bankruptcy;</li> <li>3. Adjudication of bankruptcy;</li> <li>4. Filing for appointment of a receiver or custodian;</li> <li>5. Appointment of a receiver or custodian;</li> <li>6. Proceedings for composition with creditors;</li> <li>7. Final Judgment of \$25,000 or more remains unsatisfied;</li> <li>8. Execution of levy;</li> <li>9. Filing of foreclosure suit;</li> <li>10. Sale of your assets after levy;</li> <li>11. Abandonment;</li> <li>12. Convicted of misleading advertising or enjoined from, or ordered to cease, operations;</li> <li>13. Loss of license;</li> <li>14. Conviction of any offense that might materially adversely affect the System, Marks or IP;</li> <li>15. You deny us our right of inspection or audit;</li> <li>16. You engage in deleterious conduct;</li> <li>17. Unauthorized assignment;</li> <li>18. Breach of confidentiality or noncompetition provisions of your Franchise Agreement;</li> <li>19. You maintain false books or records;</li> <li>20. Failure to timely transfer on your death or incapacity;</li> <li>21. You misuse any of the IP;</li> <li>22. You repudiate the Franchise Agreement;</li> <li>23. You withhold, misrepresent or provide false information to our operating system, on your application for a franchise or in any materials you are required to provide to us;</li> <li>or 24. You relocate your VR® Office without our prior approval.</li> </ol>

Provision	Section In Franchise Or Other Agreement	Summary
i. Franchisee's obligations on termination /nonrenewal	Franchise Agreement: Articles 6, 12, and 13 and Section 14.2; Conditional Assignment of Listings	1. Comply with post-term restrictive covenants (see r. below); 2. Indemnify us from any losses or damages we sustain as a result of your Franchise; 3. Cease using and maintain confidentiality of all our Confidential Information; 4. Cease operating your Office and dissolve your Business Entity; 5. Pay all amounts you owe to us within 10 days after termination or expiration; 6. Distinguish your Site from any indicia of the System; 7. Avoid unfair competition with us; 8. Return all IP to us at your expense; 9. Discontinue use of the Marks and IP; 10. Return all copies of the Manuals and any other Confidential Information that we have loaned to you. 11. Cooperate with us to effectuate the assignment to us of the Listing Agreements, Domains Names and E-mail Addresses and the Telephone Numbers and Directory Listings; 12. Pay early termination charges, if applicable (See ITEM 6); 13. Pay us liquidated damages if applicable (See ITEMS 6 and 9).
j. Assignment of contract by franchisor	Franchise Agreement: Section 10.1	There are no restrictions on our right to assign our interest in your Franchise Agreement.
k. "Transfer" by franchisee defined	Franchise Agreement: Sections 10.2 and 10.3	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Franchise Agreement, your Franchise, a major portion of your Business assets, or the agreements relating to businesses listed for sale. A transfer of less than 20% of the voting rights or ownership interests in you (if you are a business entity) to any other original owner of your Franchise is not considered a transfer. Everything else is considered a transfer.
l. Franchisor's approval of transfer by franchisee	Franchise Agreement: Sections 10.2, 10.3 and 10.4	We have the right to approve or disapprove of any transfers.
m. Conditions for franchisor's approval of transfer	Franchise Agreement: Sections 10.2 and 10.3	1. We do not exercise our right of first refusal or our option to purchase; 2. You are not in default under any agreement you have with us; 3. We must interview and approve the transferee; 4. Transferee completes our application procedures; 5. The transferee must properly assume all your obligations, including your lease; 6. The transferee must successfully complete Initial

Provision	Section In Franchise Or Other Agreement	Summary
		Training; 7. The transferee must sign our then-current form of Franchise Agreement with a new 20-year term; 8. The franchisee must pay a transfer fee of \$25,000 plus a 2.5% commission if we assist you in procuring your transferee; 9. You must sign a general release of us, our subsidiaries and affiliates, and our and their respective officers, directors, shareholders, agents and employees; 10. You provide to us your year-to-date financial statements for the period ending within 7 days of the transfer, we satisfactorily audit or review, to the extent we designate, your books, and we receive a copy of the final form of purchase / transfer agreements at least 48 hours prior to closing; and 11. Transferee upgrades, repairs and improves the Site and equipment to conform to then-current specifications.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Franchise Agreement: Section 10.5	We have the right of first refusal to purchase the Business in the event you seek to transfer it or an ownership interest in you. To do so, we can match any bona fide offer.
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable
p. Death or disability of Franchisee	Franchise Agreement: Section 10.4	You or your representative must (or the owner of a controlling interest in you, or such owner’s representative) must: 1. Transfer your or such owner’s interest in the Franchise Agreement or you, as the case may be, (i) within 3 months of the disability; or (ii) within 12 months of the death, whichever is applicable; all such transfers must be in accordance with the transfer provisions of the Franchise Agreement. 2. Provide a replacement manager satisfactory to us within 30 days of the death or disability, and have them trained satisfactorily within 60 days of replacement.
q. Non-competition covenants during the term of the franchise	Franchise Agreement: Section 13.1(a)(i)	Neither you or your owners (or the immediate family members of you or your owners) may: 1. Influence any Business Associate of ours or our franchisees to modify its relationship with us or our franchisees; 2. Have any involvement with any Competitive Business, wherever located; or 3. Interfere with our business or the business of any of our franchisees. A “ <b>Competitive Business</b> ” is a business which itself, directly or indirectly, engages

Provision	Section In Franchise Or Other Agreement	Summary
		<p>in or grants to others the right to directly or indirectly engage in any of the following:</p> <p>(a) operates with the same or similar IP as the Business; (b) solicits or accepts payment of any kind, including any fee related to co-brokering or a referral, from a Business or supplier, or be an owner, part owner, shareholder or operator of, or affiliated with, another business brokerage/intermediary/consulting/business valuation and/or appraisal business; (c) shares or disperses leads of prospective sellers and buyers of businesses including accepting listings for businesses for sale and/or assisting buyers or potential buyers of same; (d) opens, operates or co-owns an office, location or business that provides brokerage, intermediary, consulting, real estate, exit planning, succession, franchise consulting, referral, franchise development, business valuation and/or appraisal business services of any kind; or (e) offers any other services then being offered by a VR® Office.</p>
<p>r. Non-competition covenants after the franchise is terminated or expires</p>	<p>Franchise Agreement: Section 13.1(a)(ii)</p>	<p>Neither you or your owners (or the immediate family members of you or your owners) may, for a period of 2 years following the transfer or termination or expiration of the Franchise Agreement for any reason:</p> <ol style="list-style-type: none"> <li>1. Influence any Business Associate of ours or our franchisees to modify its relationship with us or our franchisees;</li> <li>2. Have any involvement, including the ownership, management, operation, control, conduct, or providing the services of any Competitive Business (a) within the state where your Site is located (b) at the Site; (c) within 40 miles of the Site; (c) within the former Territory; (d) within 40 miles of any other VR® Office then in operation, planned or under development; (e) within the states the VR® Office operated any business during the term (including franchises granted but not open); or</li> <li>3. Interfere with our business or the business of any of our franchisees.</li> </ol>
<p>s. Modification of the agreement</p>	<p>Franchise Agreement: Sections 6.3, 12.1, 13.1(d), 19.1 and 19.2</p>	<p>Your Franchise Agreement may not be modified without the consent of both you and us except:</p> <ol style="list-style-type: none"> <li>1. We may change the contents of the Manuals;</li> <li>2. We may eliminate the Territory in lieu of termination for default of the Franchise Agreement;</li> <li>3. A court may modify any provision of your Franchise Agreement in accordance with applicable law; or</li> <li>4. We may modify the System.</li> </ol>

Provision	Section In Franchise Or Other Agreement	Summary
t. Integration/merger clause	Franchise Agreement: Section 19.14	<p>Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable, but our representations in this disclosure document cannot be disclaimed.</p> <p>No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.</p>
u. Dispute resolution by arbitration or mediation	Franchise Agreement: Section 17	<p>All disputes must be resolved first by mediation and, if mediation is not successful, then by binding arbitration, except claims involving: 1. The IP; 2. Your obligations upon termination or expiration of your franchise agreement; 3. Any transfers; 4. Matters involving claims of danger, health or safety; and 5. Requests for restraining orders, injunctions or similar procedures. ALL CLAIMS MUST BE MADE WITHIN 12 MONTHS. YOU MUST ALSO WAIVE YOUR RIGHTS TO A JURY TRIAL AND CLAIMS FOR PUNITIVE DAMAGES. NO CLASS-WIDE OR MULTI-FRANCHISEE ARBITRATIONS. This may be superseded by state law. See Addendum, if any, attached as Exhibit "H" to this disclosure document</p>
v. Choice of forum	Franchise Agreement: Section 17.4	<p>Any arbitration proceeding or action begun for the purpose of enforcing the Franchise Agreement will be filed in the county where our principal place of business is located (currently, Broward County, Florida) or the courts where our principal business address is located at the time of the filing of the action. This may be superseded by state law. See Addendum, if any, attached as Exhibit "H" to this disclosure document.</p>
w. Choice of law	Franchise Agreement: Section 17.6	<p>Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 <i>et seq.</i>) or the United States Arbitration Act (9 U.S.C. Sections 1 <i>et seq.</i>), the Franchise Agreement is interpreted under the laws of the State of Florida. This may be superseded by</p>

Provision	Section In Franchise Or Other Agreement	Summary
		state law. See Addendum, if any, attached as Exhibit "H" to this disclosure document

Please refer to the disclosure addenda and contractual amendments appended to this disclosure document for additional terms that may be required under applicable state law. Please note, though, that if you would not otherwise be covered under those state laws by their own terms, that you will not be covered merely because we have given you an addendum that describes the provisions of those state laws.

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**ITEM 18.**  
**PUBLIC FIGURES**

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

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**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 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations whether orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Peter C. King, CEO, 2601 East Oakland Park Boulevard, Suite 300, Fort Lauderdale, Florida 33306, (954) 565-1555, the Federal Trade Commission and the appropriate state regulatory agencies.

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**ITEM 20.**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary Including Canada**  
**For years ending December 31, 2022, December 31, 2023 and December 31, 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised – US	2022	33	31	-2
	2023	31	31	0
	2024	31	29	-2
Franchised – Canada	2022	1	1	0
	2023	1	1	0
	2024	1	0	-1
Company-Owned**	2022	0	1	+1
	2023	1	1	0
	2024	1	1	0
<b>Total Outlets</b>	<b>2022</b>	<b>34</b>	<b>33</b>	<b>-1</b>
	<b>2023</b>	<b>33</b>	<b>33</b>	<b>0</b>
	<b>2024</b>	<b>33</b>	<b>30</b>	<b>-3</b>

\*\* Our Affiliate owns this franchise.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years ending December 31, 2022, December 31, 2023 and December 31, 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alabama	2022	0
	2023	0
	2024	0
Arizona	2022	0
	2023	0
	2024	0
Arkansas	2022	0
	2023	0
	2024	0
California	2022	0
	2023	0
	2024	0
Colorado	2022	0
	2023	0
	2024	0
Connecticut	2022	0
	2023	0
	2024	0
District of Columbia	2022	0

State	Year	Number of Transfers
	2023	0
	2024	0
Florida	2022	0
	2023	0
	2024	0
Georgia	2022	0
	2023	0
	2024	0
Hawaii	2022	0
	2023	0
	2024	0
Illinois	2022	0
	2023	0
	2024	0
Indiana	2022	0
	2023	0
	2024	0
Kansas	2022	0
	2023	0
	2024	0
Maryland	2022	0
	2023	0
	2024	0
Massachusetts	2022	0
	2023	0
	2024	0
Missouri	2022	0
	2023	0
	2024	0
New Jersey	2022	0
	2023	0
	2024	0
New York	2022	0
	2023	0
	2024	0
North Carolina	2022	0
	2023	0
	2024	0
Ohio	2022	0
	2023	0
	2024	0
Pennsylvania	2022	0
	2023	0
	2024	0
South Carolina	2022	0

State	Year	Number of Transfers
	2023	1
	2024	0
Tennessee	2022	0
	2023	0
	2024	0
Texas	2022	0
	2023	0
	2024	0
Virginia	2022	0
	2023	0
	2024	0
Washington	2022	0
	2023	0
	2024	0
Wisconsin	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>1</b>
	<b>2024</b>	<b>0</b>

**Table No. 3**  
**Status of Franchised Outlets**  
**For years ending December 31, 2022, December 31, 2023 and December 31, 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Arizona	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
California	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Colorado	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Connecticut	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
District of Columbia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Florida	2022	6	0	0	1	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	1	0	0	1
Hawaii	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Iowa	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kansas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
Maryland	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Michigan	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Jersey	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New York	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
North Carolina	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Ohio	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Pennsylvania	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Puerto Rico	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
South Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Texas	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Washington	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>Totals</b>	<b>2022</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>31</b>
	<b>2023</b>	<b>31</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>31</b>
	<b>2024</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>29</b>

**Table No. 3 (CANADA)**  
**Status of Franchised Canadian Outlets**  
For years ending December 31, 2022, December 31, 2023 and December 31, 2024

Country	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alberta	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 4**  
**Status of Company-Owned Outlets**  
For years ending December 31, 2022, December 31, 2023 and December 31, 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
All States**	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Totals</b>	<b>2022</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

\*\* Our Affiliate owns this outlet.

**Table No. 5**  
**Projected Openings As Of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year (2025)	Projected New Company-Owned Outlet In the Next Fiscal Year (2025)
Alabama	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	1	0
Connecticut	0	0	0
District of Columbia	0	0	0
Florida	0	1	0
Georgia	0	1	0
Hawaii	0	0	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year (2025)	Projected New Company-Owned Outlet In the Next Fiscal Year (2025)
Illinois	0	0	0
Indiana	0	0	0
Kansas	0	0	0
Louisiana	0	1	0
Maryland	0	0	0
Massachusetts	0	0	0
Missouri	0	0	0
New Jersey	0	0	0
New York	0	0	0
North Carolina	0	1	1
Ohio	0	0	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Tennessee	0	0	0
Texas	0	1	0
Virginia	0	1	0
Washington	0	0	0
Wisconsin	0	0	0
<b>Totals</b>	<b>0</b>	<b>9</b>	<b>1</b>

The name, business address, and business telephone number of each current franchisee as of the date of this disclosure document are listed on Exhibit "A."

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of the 2 franchisees who had a VR® Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or left the system as of December 31, 2024 or have not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit "A."

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

As of the issuance date of this disclosure document, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

During the last 3 fiscal years, in some instances, former franchisees have signed provisions restricting their ability to speak openly about their experiences with the VR® franchise system. You may wish to speak with former franchisees, but be aware that not all such franchisees will be able to communicate with you.

As of the issuance date of this disclosure document, there are no trademark-specific franchisee organizations associated with our franchise network.

**ITEM 21.**  
**FINANCIAL STATEMENTS**

Attached as Exhibit “G” are our audited financial statements for the fiscal years ended December 31, 2022, December 31, 2023 and December 31, 2024, and our unaudited financial statements for the first quarter of 2025.

**ITEM 22.**  
**CONTRACTS**

The following contracts, agreements and other relevant documents are attached as Exhibits to this disclosure document:

- Exhibit B – Franchise Agreement
- Exhibit C – Conditional Assignment of Listing Agreements
- Exhibit D – Conditional Assignment of Telephone Numbers and Directory Listings
- Exhibit E – Conditional Assignment of Domain Names, Social Media Identities and E-Mail Addresses
- Exhibit F – Form of Franchise Compliance Certificate
- Exhibit H – State Specific Addenda and Riders
- Exhibit K – Principal Owner’s Guaranty
- Exhibit L – Principal Owner’s Statement
- Exhibit M – Confidentiality and Nondisclosure Agreement
- Exhibit O – Form of Release

**ITEM 23.**  
**RECEIPTS**

You will find 2 copies of a detachable Receipt in Exhibit “Q” at the end of the disclosure document. One receipt must be signed, dated and delivered to us. The other receipt should be retained for your records.

**EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**LIST OF VR<sup>®</sup> FRANCHISEES**

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**VR® FRANCHISEE DIRECTORY  
AS OF DECEMBER 31, 2023**

The following are the names, addresses and telephone numbers of all VR® franchisees that were operational as of December 31, 2024:

<b>State</b>	<b>Franchisee</b>	<b>Street Address</b>	<b>City</b>	<b>Zip Code</b>	<b>Telephone/Fax No.</b>
California	<b>CA, Artesia</b> William Park & Paul Ln	17100 Pioneer Boulevard, Suite 195	Artesia	90701-5414	Phone: 562-402-2686 Fax: 562-809-3398
Colorado	<b>CO, Aspen</b> John Hornblower	400 West Main Street, Suite 110	Aspen	81611	Phone: 970-429-8220
Colorado	<b>CO, Denver</b> Jeffrey and Kent Child	63 Inverness Drive East, Suite 150	Englewood	80111	Phone: 720-399-6500 Fax: 720-399-6503
Connecticut	<b>CT, Milford</b> Bob Capozzi	99 Cherry Street	Milford	06460	Phone: 203-878-0554 Fax: 203-876-8766
Florida	<b>FL, Apollo Beach</b> Tim Bellon	200 Frandorson Circle, Suite 206	Apollo Beach	33572	Phone: 813-260-3127
Florida	<b>FL, Fort Myers</b> Paul Meeuwssen	889 Brighton Lane, Suite 108	Benita Springs	34135	Phone: 239-908-0740
Florida	<b>FL, Boca Raton, M&amp;A</b> Baris Gurer	4722 NW Boca Raton Blvd. Unit C-105	Boca Raton	33431	Phone: 561-756-9222 Fax: 866-908-6558
Florida	<b>FL, Coral Gables</b> Raquel Afriat	900 Biscayne Blvd, Suite 1201	Miami	33132	Phone: 305-448-5559 Fax: 305-675-0136
Florida	<b>FL, Orlando</b> Mario & Betty Capaldo	6965 Piazza Grande Ave., #211	Orlando	32835	Phone: 407-856-4418 Fax: 407-386-6600
Georgia	<b>GA, Atlanta</b> Claudia Luquerna & Ramzi Daklouché	7000 Central Parkway, Suite 1000	Atlanta	30328	Phone: 678-470-8470
Illinois	<b>IL, Oak Brook</b> Dan Eitel	2022 Midwest Road, Suite 200	Oak Brook	60523	Phone: 630-705-3055 Fax: 630-491-1592
Iowa	<b>IA – Des Moines</b> Alan Youda	2203 Grand Avenue	Des Moines	50321	Phone: 515-393-4404

State	Franchisee	Street Address	City	Zip Code	Telephone/Fax No.
Michigan	<b>MI, Saginaw</b> Donald Harris	To be determined	Saginaw	TBD	Phone: 708-268-3756
Minnesota	<b>MN, Minneapolis</b> Young Bebus	70 County Road C West #703	Little Canada	5117	Phone: 651-330-1767
Missouri	<b>MO, Springfield – VRBS</b> Jerry Myers	4121 S. Fremont Avenue, Suite 112	Springfield	05804	Phone: 417-581-8887 Fax: 888-765-8633
Missouri	<b>MO, St. Louis</b> Jeffrey A. Kalil	12981 Maurer Drive, Suite 4	St. Louis	63127	Phone: 314-833-9207
North Carolina	<b>NC, Charlotte</b> Adam Petricoff	9301 Monroe Road, Suite L	Charlotte	28270	Phone: 704-360-8898 Fax: 704-272-4477
North Carolina	<b>NC, Hampstead</b> Kenneth A. Puryear	34 N. Hampstead Village Drive Suite #4	Hampstead	28443	Phone: 910-270-2927 Fax: 910-270-2928
North Carolina	<b>NC, Raleigh</b> Neal Isaacs	130B Wind Chime Court	Raleigh	27615	Phone: 919-628-0571
Pennsylvania	<b>PA, Lewisburg</b> Robert McCormack	115 Farley Circle, Suite 308	Lewisburg	17837	Phone: 570-523-7253 Fax: 570-524-7094
Pennsylvania	<b>PA, Wyomissing</b> Ray Melcher	4 Park Plaza, Suite 105	Wyomissing	19610	Phone: 610-898-8086 Fax: 610-898-8090
Pennsylvania	<b>PA, Newtown</b> Ed O’Sullivan/Jennifer Gaynor	532 Durham Rd., Ste 200	Newtown	18940	Phone: 267-737-8862
South Carolina	<b>SC, Charleston</b> Mark McLean	884 Johnnie Dodds Blvd., #201	Mr. Pleasant	29464	Phone: 843-766-4000 Fax: 843-725-0196
South Carolina	<b>SC, Greenville</b> Bruce Johnson	1024A East North Street	Greenville	29601	Phone: 864-335-5222 Fax: 864-335-5228
Texas	<b>TX, North Dallas</b> Larry Lane	17950 Preston Road Suite 760	Dallas	75252	Phone: 214-733-8282 972-792-0100 972-792-7711 Fax: 972-542-7644
Texas	<b>TX, Dallas/Grapevine</b> Dennis Kula	1452 Hughes Road, Suite 215	Grapevine	76051	Phone: 469-677-8249

State	Franchisee	Street Address	City	Zip Code	Telephone/Fax No.
Texas	<b>TX, San Antonio</b> Omar and Ligia Garcia	10010 San Pedro Ave., #305	San Antonio	78216	Phone: 210-688-4813 Fax: 210-688-5610
Virginia	<b>VA, Richmond</b> Todd Furbee	4470 Cox Road Suite 170	Richmond	23060	Phone: 804-648-0900
Wisconsin	<b>WI, Madison</b> KLA	2810 Crossroads Dr., #4000	Madison	53186	Phone: 954-565-1555

**FRANCHISEES WHO HAVE LEFT THE SYSTEM**

The following is a list of franchisees who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business during the year ended December 31, 2024 or who have not communicated with us within 10 weeks of the date of this disclosure document.

State	Name	City	Zip Code	Telephone No.
Alberta (Canada)	Ryan Jorden	Calgary	T2E 7V9	403-776-4040
Connecticut	Jeff Swigget	New Haven	06511	203-772-3773
Georgia	Stephen Fitzgerald	Savannah	31406	912-925-2025
Kansas	James Clendemin	Wichita	67202	316-262-8722

**EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**FRANCHISE AGREEMENT**

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**VR** Has Sold More Businesses In The World Than Anyone.®



## **FRANCHISE AGREEMENT**

between **King Lombardi Acquisitions, Inc.**, a Delaware corporation

and \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_.

**Location:**

\_\_\_\_\_

**Unit #**

\_\_\_\_\_

**EACH OFFICE INDEPENDENTLY OWNED AND OPERATED.**

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## VR® FRANCHISE AGREEMENT

**THIS VR® FRANCHISE AGREEMENT** (the “**Agreement**”) is effective as of the date set forth in Schedule A (the “**Effective Date**”), regardless of the date of signatures to it, between King Lombardi Acquisitions, Inc., a Delaware corporation (“**Franchisor**,” “**we**,” “**us**” or “**our**”), and \_\_\_\_\_ (“**Franchisee**,” “**you**” or “**your**”). Sometimes you and we are referred to individually as a “**party**” or collectively as the “**parties**.”

This Agreement is written in an informal style to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that this Agreement covers before you sign it.

### **BACKGROUND**

A. We have developed and may continue to develop, alter and amend our marketing system (the “**Marketing System**”) for the franchising, operation, promotion of, and assistance to, independently owned business brokerage/ intermediary offices which, from a Site we designate or approve, use our Marketing System and IP in the manner we designate or approve (“**VR® Offices**” or the “**Offices**”). The goal of the Marketing System is to facilitate the ability of VR® franchisees to compete more effectively in the business sales market.

B. The Marketing System includes the use and promotion of our copyrights and trade and service marks and names owned or licensed by us currently including among others: **VR®, VR BUSINESS BROKERS®, VR MERGERS & ACQUISITIONS®, TODAY’S BUSINESS OWNER®, VR HAS SOLD MORE BUSINESSES IN THE WORLD THAN ANYONE®, VR SINCE 1979®, MVI®, MBI®, MOST VALUABLE INTERMEDIARY®, VR VALUED REPRESENTATION®, VALUED REPRESENTATION®, MASTER BUSINESS INTERMEDIARY ACADEMY®, THE FRANCHISE SHOWCASE®** and **IT’S WHO WE ARE, IT’S WHAT WE DELIVER®** which are registered or applied for, with the United States Patent and Trademark Office, and other trade and service marks and names used by us in our business (the “**Marks**”). The Marketing System and our processes, business development plans, methods, procedures, specifications and standards, copyrights, power point presentations, training materials, and all materials accessible through VR portal, moral rights, which combined or separately make up our trade secrets and other forms of intellectual property (collectively, the “**IP**”).

C. As part of our IP, we have acquired and developed an operations analysis information system and other franchisee required reporting, which supports and becomes part of the Marketing System. The Marketing System is intended to assist VR® franchisees in operating their Offices and enables us the ability to communicate information to VR® franchisees. We reserve the right to upgrade or change the operations analysis information system. To the extent we deem necessary or appropriate, we license to you the Marketing System.

D. We are offering you a franchise for an Office (a “**Franchise**”) under the terms of this Agreement. The Office you shall operate under this Agreement is referred to as “**your Business**.” You understand that the standards and specifications established and enforced by us are the essence of the Business, and are for the purposes of maintaining standards of quality control among all Offices.

E. You are, or shall become, qualified and licensed to conduct your Business under the laws of the Territory and have applied with the intent to become a franchised member of the VR® franchise system (the “**VR® System**” or the “**System**”).

F. You desire to acquire, and we desire that you acquire, a Franchise upon the terms and conditions set forth in this Agreement.

## TERMS

The parties agree as follows:

*For your convenience, certain capitalized terms are defined in ARTICLE 18.*

### ARTICLE 1 APPOINTMENT

#### Section 1.1 Grant of Franchise.

(a) The Franchise granted by this Agreement is only a license to use the Marks, Marketing System and other IP (collectively, the “**Licensed Rights**”), in strict compliance with the terms and conditions contained in this Agreement and our System Standards. Upon expiration or termination of this Agreement for any reason, you shall surrender and deliver to us all of the Licensed Rights, including physical possession of all objects bearing or containing any of the same including the Manuals, and you will not thereafter use any of the Licensed Rights.

(b) We grant to you the Franchise to, during the term, operate an Office using the Marketing System and Licensed Rights, at and from the location we designate or approve within the Territory (the “**Site**”), subject to the terms and conditions of this Agreement, and you hereby accept this grant. The parties agree that this grant is conditioned upon you continuing throughout the term of this Agreement to be duly qualified and licensed to operate your Business under the laws of the Territory. Your Site is described in Schedule A.

**Section 1.2 Your Site.** You agree that you shall operate your Business only at the Site designated in Schedule A. The Site must be located within your Territory. If you have not selected the Site and we have not approved it at the time you sign this Agreement, you must locate a Site and obtain our approval for it within 30 days of signing this Agreement. The Site must meet or exceed our System Standards for Site approval. Our approval of any Site is not a representation or guaranty that the Site or your Business will be profitable. If you fail to select and obtain our approval of the Site within that time period, we may terminate this Agreement without any refund to you. The Site cannot be changed without our written consent and compliance with our relocation procedures. Furthermore, each of your Staff members must reside in the county in which your Territory is located, unless we otherwise consent in writing. We may, in our sole judgment, limit, restrict or prohibit you or your associates / agents from operating or conducting activities we designate in areas outside of the county in which your Territory is located if we determine that such operations are in conflict with another VR® office franchisee or our goals for franchising the VR® Office System. You shall follow all of our System Standards for extra-territorial activities which we may designate, change, alter or amend at any time upon notice to you.

#### Section 1.3 Territory.

(a) Your specific geographic area which comprises your “**Territory**” is also described in Schedule A. During the term, as long as you are in full compliance with the terms of this Agreement, we shall not own, operate or franchise any other Office, which is physically located within the Territory, except:

(i) a franchise to operate as a broker/intermediary under a Franchise Agreement granted by us, our predecessors or anyone identified in Item 1 of our FDD, with an Office physically located in your Territory prior to the Agreement Date, may continue to be physically located in the Territory and to renew its Franchise Agreement or convert to a Franchise Agreement granted by us at our discretion; or

(ii) if you are in breach of this Agreement (including your failure to meet our Performance Standards), which has not been cured after our written notice of default within any applicable cure period, then at our option, we may terminate this Agreement or modify, reduce or eliminate any of your exclusive rights in the Territory.

(b) You acknowledge the limited nature of the territorial protection granted by this Agreement. We are granting to you a Territory around the Site, which is protected from having another VR® Office physically located within the Territory (except as otherwise described elsewhere in this Agreement). Further you, we and all other Offices' franchisees are, subject to our System Standards for extra-territorial activities, free to solicit Clients for their respective businesses wherever prospective Clients are located. We may prohibit you from marketing in areas outside of the county where your Territory is located if we deem your marketing to be in conflict with another VR® Office or our goals for franchising the system of VR® Offices. If you or any agents are based outside of the county where you Territory is located, you must pay our then-current extraterritorial agent fee, which may be imposed on a per-agent basis.

(c) If your Territory is an "Executive Territory" as identified on Schedule A, you may expand to a "Standard Territory" only as follows: (i) you identify, and we approve of, a new Site in an independent office space; (ii) no other VR® office is operating within, or has a territory that would overlap with, your new prospective territory; (iv) you pay a non-refundable administrative fee of \$2,500; and (iv) your transition to a "Standard Territory," including opening the new office for business, is completed within 36 months of the Effective Date.

(d) We (and our affiliates) retain the right in our sole discretion to do the following ourselves or grant others the right to:

(i) solicit prospective franchise owners and grant other persons Franchises, or other rights to operate Offices: through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;

(ii) own and operate Offices anywhere, except in your Territory;

(iii) sell, solicit, recruit and provide services for any businesses or any franchised business not defined as an Office in this Agreement;

(iv) sell, and provide the products and/or services authorized for sale by, VR® Offices under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce), within and outside of your Territory and pursuant to such terms and conditions as we consider appropriate;

(v) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at VR® Offices, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory);

(vi) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction, including without limitation, by a purchaser who acquires a majority or controlling interest), by a business providing products and services similar or the same as to those provided at VR® Offices, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Territory;

(vii) conduct all internet related, e-commerce, social media and related communications relating to the operation of VR® Offices or the selling of services offered at any of the VR® Offices. In this connection, we shall have the sole right to establish one or more websites that contain any of the Marks or that advertise, market or promote any of the services that we authorize for VR® Offices. You agree to follow our rules and policies with respect to the use of the internet and social media, both for advertising and marketing, and for the conducting of electronic commerce. We may engage in internet and e-commerce, marketing, promotion and operation even if those activities affect customer relationships within your Territory;

(viii) solicit prospective franchise owners for, and to own and operate businesses of any other kind or nature other than Offices, anywhere regardless of whether or not such businesses use the Marks or other IP;

(ix) operate, or grant to others the right to operate, Offices in the Territory if you do not meet or exceed the Performance Standards; and

(x) inside or outside of the Territory, operate and grant others the right to operate, businesses other than Offices using the Marks, System and IP (e.g., equipment leasing businesses).

## **ARTICLE 2 OUR DUTIES**

We shall provide you with the following initial and ongoing assistance and services, as long as you are not in default under this Agreement:

**Section 2.1 Site Selection Assistance.** To the extent we deem appropriate in our sole discretion, we shall counsel you concerning the Site selected by you, make suggestions concerning its location, access, appearance and layout and, if satisfactory, approve it as the Site. You shall supply us photographs of the exterior of the building and interior of the premises at the proposed Site. You shall provide to us copies of the proposed lease for the Site, which we must approve. You acknowledge that we are not required to visit the Site as part of the counseling. You further acknowledge that our approval or acceptance of your Site does not constitute recommendation or endorsement of the Site, nor any assurance by us that the operation of the Franchise at a Site will be successful or profitable. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING SITES OR REVIEWING LEASES. OUR APPROVAL OF A SITE AND A LEASE IS NOT A REPRESENTATION OR WARRANTY THAT YOUR BUSINESS WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. APPROVAL IS INTENDED ONLY TO INDICATE THAT THE PROPOSED SITE AND LEASE MEETS OUR MINIMUM CRITERIA FOR A SITE AND LEASE. YOU AGREE THAT OUR APPROVAL OR DISAPPROVAL OF A PROPOSED SITE OR LEASE DOES NOT IMPOSE ANY LIABILITY ON US.**

**Section 2.2 Forms.** From time to time, to the extent we designate in the Manuals or otherwise in writing, we will provide you master copies of the forms suggested by us for use in the implementation of the Marketing System and operations of your Business and other generic sales forms related to the promotion of the Franchise and implementation of the Marketing System. **WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY AGREEMENTS OR FORMS. YOU MUST RETAIN YOUR OWN COUNSEL TO REVIEW AND CONFORM SUCH AGREEMENTS AND DOCUMENTS TO ALL APPLICABLE FEDERAL AND STATE LAWS.**

**Section 2.3 Training.**

(a) **Initial Training.** Within 60 days after the Effective Date, we shall provide to you an initial training program (the “**Initial Training**”), which begins with a 10-day blended Assisted Virtual Mentor Program that includes a minimum of 10 VR<sup>®</sup> Master Business Intermediary Academy Courses and Presentations; manual and textbook learning; and introduction to VR<sup>®</sup> operating systems: followed by a 2-day, 25 mini-webinar VR Local Website Training; followed by a 5-day VR<sup>®</sup> Initial Live Classroom Training at a location we designate. This portion of the training is also available through prerecorded seminar and video conferencing. The Trainees must study certain materials we designate before commencement of other parts of the Initial Training program. The Trainees shall also attend and complete the Initial Training to our satisfaction and you will bear all travel, meal and lodging expenses related to attendance of the Initial Training. Our Initial Training programs may differ in content and length for the Trainees depending upon their responsibilities for your Business. You shall pay all travel and living expenses for you and your trainees; however, lunches are supplied daily during training at no additional expense. There is no initial training fee for up to 2 trainees attending the same Initial Training. However, if additional persons require Initial Training, you must pay an Initial Training fee of \$5,000 per additional trainee.

(b) **Mandatory Agent Training.** VR® Agent training is a mandatory training program for all new VR® agents. The training is offered in person in Fort Lauderdale, Florida at our Corporate Offices; through video conference; or in prerecorded format. Acknowledgement of completion by you is also mandatory for an agent to be recognized for VR® programs and access to VR® Systems. There are no additional fees that you or an agent must pay to us to attend and complete this training. However, we reserve the right to charge mandatory agent training fees in the future. You or your agents are responsible for all travel, meal and lodging expenses related to attendance of mandatory agent training.

(c) **Failure to Complete Initial Training.** If the Trainees fail to complete Initial Training satisfactorily, as determined by us in our sole discretion, we may: (i) at your expense and in return for our then current Additional Training Fee, retrain the trainee or train another trainee; or (ii) elect to terminate this Agreement. Otherwise, attendance by your employees is optional. The Additional Training Fee is due upon the earlier of (i) 10 days prior to the start of training; or (ii) within 10 days of our invoice. If we terminate this Agreement for any reason, the Franchise Fee and other fees paid to us are not refundable.

(d) **Additional Training.** We may require you (or your owners), managers, sales representatives and/or other management personnel to attend, at your expense, periodic additional training or continuing education courses or programs (collectively, the “Additional Training”) at such times and locations as we may designate. If you request and we provide, or if we require, any Additional Training, you must pay our then-current fees for such Additional Training. If you desire to hire an approved general manager (who is not a Principal) to operate the business, the manager must complete our initial training program, and you must pay to us our then-current additional manager training fee, currently \$5,000. Any subsequent general manager you hire must also complete this training, and you must pay the then-current additional manager training fee. For all training, you shall be responsible for all travel, meal, lodging, and entertainment expenses you or anyone else from the Office incurs while attending the training program (except that webinars will not require travel).

(e) **Mergers & Acquisitions Training Program with The University of Miami Herbert Business School.** We have partnered with the University of Miami Herbert Business School to provide an optional Mergers and Acquisitions (“M&A”) training course. The course is 8 weeks, and includes modules on: (1) introduction to complex deals; (2) partial control strategies; (3) complete control strategies; (4) economic impact of M&A; (5) United States markets; (6) doing business across borders; (7) emerging markets; (8) risks and benefits of M&A. The course is self-paced and fully virtual, combined with live UM faculty meetings over video conference to address questions on the modules. If you choose to take this course prior to opening, or within the first 12 months after opening, then we will cover the cost of the course (for one person) as part of your initial franchise fee. For any additional trainees, or if you choose to take this course more than 12 months after you have opened, you may be required to pay the then-current registration fee for the course to either us or the university. We may modify or discontinue this program at any time.

(f) **Annual Convention.** We recommend that you (or your owners), managers, sales representatives and/or other management personnel attend, at your expense, such annual, semi-annual or other periodic conventions or meetings as we may designate from time to time. We do not currently charge a registration fee for conventions, but if we do, you must pay the then-current fee to us or our designee, and in any event, you are responsible for all travel and living expenses for any person(s) attending such conventions or meetings. Registration fees are due immediately upon our invoice to you, which at our option, may be sent to you prior to the commencement of the convention or meeting.

**Section 2.4 Loan of the Manuals.** We will loan to you, or make available to you via electronic form, one registered copy of each volume of the Manuals (with revisions as required). You must pay our then-current Manual replacement fee if you lose all or part of the Manuals or if we deem your copy is not complete and needs replacement.

**Section 2.5 Continued Assistance and Support.** Upon the opening of your Business, we shall provide to you the following:

(a) **Modifications and Updates.** We shall make available to you any modifications suggested to Offices relating to the contents or form of the master copies, sales materials and advertising and techniques related to marketing that we may develop during the Term, which may include publications, video, audio or digital materials for which we may charge our then-current fees (the “**Marketing Materials Fees**”).

(b) **New Developments.** We shall, to the extent we designate in the Manuals or otherwise in writing, advise you, at the time and to the extent we deem appropriate, by consultation through phone and written communication, of new developments and techniques recommended by us for use in the operation of your Business.

(c) **Operations Support.** We shall provide operations support to you, at the times and to the extent we deem appropriate, and as described in the Manuals or otherwise in writing, as long as you follow and perform the procedures described in the Manuals or otherwise in writing and fully comply with the terms of this Agreement.

(d) **Additional Guidance.** At your request, we shall furnish additional guidance and assistance as we deem appropriate. If we determine your requests for additional guidance and assistance to be excessive or unreasonable, we may, at our option (i) refuse to provide such additional guidance and assistance, or (ii) charge you a fee to cover expenses we incur in providing such additional guidance and assistance, including per diem charges for our personnel. However, except for mandatory agent training described in Section 2.3(b) above, you are solely responsible for training all of your employees and agents and ensuring they are fully trained to perform their duties. Except for mandatory agent training described in Section 2.3(b) above, we do not require your employees or agents to attend our training programs.

**Section 2.6 Value Roll-out Program.** To assist with your Opening, equipping, and ongoing operating of your Office, we shall provide to you, free of charge (except as otherwise provided on Schedule B), the materials, tools and software set forth on Schedule B.

### **ARTICLE 3 FEES AND PAYMENTS**

#### **Section 3.1 Types of Fees.**

(a) **Franchise Fee.** You must pay to us a “**Franchise Fee**” of **\$47,500.00** payable at the same time you sign this Agreement. The Franchise Fee is fully earned by us when paid and is non-refundable.

(b) **Ongoing Fees.** Throughout the Term, you agree to pay to us as payment for the use of, and services related to, the Marketing System, Proprietary Software and Marks the following “**Ongoing Fees**”:

(i) **Royalty Fee.** An ongoing royalty fee equal to 9% of all Franchisee Income of the VR® Office (the “**Royalty Fee**”), beginning on the date shown on Schedule A. The Royalty Fee must be paid to us within 3 Business Days after the closing of each transaction or event or the receipt of income for which Royalty Fees are attributable, or such other day as we may designate (the “**Payment Day**”). We may require that the Royalty Fee for each transaction be paid to us directly from the closing agent as part of the proceeds of the closing. You must send us a copy of the closing statement and royalty report along with the Royalty Fee.

(ii) **System Fee.** You must pay us a monthly fee “**System Fee**” due on the 1<sup>st</sup> day of each month or such other Payment Day we designate, beginning on the date shown on Schedule A. The System Fee is non-refundable. The System Fee is currently \$800 per month. We may increase the System Fee by the greater of: (i) \$50 per year, or (ii) the percentage year-over-year increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics (or comparable successor index); however, we will not

increase your System Fee in any year where, in the preceding calendar year, you achieved \$400,000 or more in Franchisee Income.

(iii) **Technology Management Fee.** On or before January 1 of each year, you shall pay us the then-current Technology Management Fee (“**TMF**”) for the use and further development of your local customized website, required website updates, proprietary electronic publications, web-based marketing materials, hosting fees, database, valuation portal, mandated proprietary software and operating system. The TMF does not cover bookkeeping, reporting or tax return services. We reserve the right to increase the TMF from time to time. Our current TMF is \$1,500 per year. Upon signing this Agreement, you shall pay us the full annual TMF for the remaining period from the date of the Agreement through December 31 of the current year. Thereafter the TMF is due on or before January 1 of each year and is not prorated in the first or final year of the term. For example, if the Effective Date is September 15, 2023 and the annual TMF is \$1,500, then you must immediately pay us \$1,500 for the period from September 15, 2023 through December 31, 2023. Late fees shall apply if not paid by January 1 and/or services are subject to suspension.

(c) **Additional Training Fees.** Your Franchise Fee includes Initial Training and Home Study for 2 Trainees, plus lunches provided during training. You are responsible for all travel, living and lodging expenses associated with your Trainees and you. If you request and we provide, or if we require, any Additional Training for your Trainees, you must pay our then current fees for such Additional Training. From time to time, we shall publish our current Additional Training Fees in our Manuals. Additional Training Fees are due immediately upon our invoice to you, which at our option, may be sent to you prior to the commencement of the Additional Training. You agree to provide reasonable assistance to us in training other VR® Franchisees, as requested by us from time to time. We shall reimburse you for your reasonable out-of-pocket expenses in providing such assistance.

If more than one person chooses to take our optional training course in partnership with the University of Miami Herbert Business School, or if you choose to take the course more than 12 months after opening, you will be required to pay any applicable fee to us or the university.

**Section 3.2 Payment Schedule.** The Ongoing Fees shall be paid to us as specified above. All other amounts due to us from you shall be paid as specified in this Agreement. You agree to utilize to the extent we designate, and comply with, our System Standards for our on-line payment and electronic fund transfer payment systems. If no Payment Date is specified, these amounts are due upon receipt of an invoice from us. Any payment or report not actually received by us on or before the due date is overdue. You agree that under no circumstances shall you withhold, suspend payment of, or reduce the amount of any Ongoing Fees payable to us. All monies due us must be paid in U.S. dollars in the manner and by such means as we may designate in the Manuals or otherwise in writing. To facilitate our verification of your Ongoing Fees we may require you to provide us, within the time periods we designate, copies of closing statements and other records we may designate relating to your or your customers’ transactions.

**Section 3.3 Payment System; Charge Against Credit Cards,**

(a) You authorize us to, at any time, charge against any of your credit cards or deduct from your bank accounts via any form of electronic funds transfer we may designate any fees and late charges due us at any time. You must cooperate with us and sign and deliver to us and our designees all forms of credit card and electronic funds transfer authorization forms we may designate. You must execute the ACH Authorization Form attached as Schedule C-1 and the Credit Card Authorization Agreement attached as Schedule C-2.

(b) In addition, to the extent we designate from time to time, all periodic payments by you to us may be effectuated by a payment system using pre-authorized transfers from your operating accounts through the use of special checks or electronic fund transfers. We may require processing of such fund transfers at the time any payment is due or through the use of any other payment system we designate. You shall cooperate with us to implement the payment system within 15 days before the Opening Date. You agree to cooperate with us in

maintaining the efficient operation of the payment system, including depositing all gross revenues you receive in your operating account accessed by the payment system within 1 Business Day of receipt.

(c) You shall pay all charges imposed by your financial institution. We may charge an e-commerce convenience activities fee as follows:

(i) for credit card or debit card payments, a fee ranging from 3% to 4% of the fees paid, depending upon the debit card or credit card used.

(ii) For electronic funds transfer, automated clearinghouse transfer, or other similar payment methods, a fee composed of: (A) any convenience fees imposed by the payment processor; and (B) a reasonable fee to cover our administrative expenses.

We reserve the right to increase this e-commerce convenience activities fee from time to time if our costs from the credit card company, bank or other applicable financial institution or payment processor increase. We shall pay the charges imposed by our financial institution for the payment system. We reserve the right to have any e-commerce convenience activities fees added directly by the processing company at the time of the charge.

(d) You agree that your obligations to make payments under this Agreement and any other agreement entered into with us for your Business, and our rights to receive these payments, are absolute and unconditional, and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us or against any other person for any reason.

#### **Section 3.4 Interest on Late Payments; Late Charge.**

(a) **Late Fee for Certain Late Payments**. You shall provide us with: (i) the listing agreement when signed; (ii) the purchase agreement when signed, including any changes or amendments; (iii) the closing documents on the day of closing; and/or (iv) copy of disbursement of fees (collectively, the “**Transaction Documents**”). We may designate the method of providing the Transaction Documents, and you must use the designated method as we require. Failure to timely provide the Transaction Documents or timely pay the Royalty Fee, shall result in a fee of \$250 per day per document, plus \$250 per day that the Royalty Fee related to the applicable transaction remains unpaid.

(b) **Late Fee and Interest**. Although each failure to pay monies when due is an event of default, to encourage prompt payment and to cover the costs involved in processing late payments, if any payment under this Agreement or any other agreement between us and you for your Business is overdue for any reason, you shall pay to us, upon demand, in our discretion, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law. You shall also, to the extent permitted by applicable law, pay a late charge of \$250 per month for each payment that is overdue until fully paid. The late fee and interest set forth in this Section 3.4(b) is in addition to the fee imposed in Section 3.4(a).

**Section 3.5 Application of Payments.** We, in our sole judgment, may apply any payments you make to the oldest outstanding indebtedness including any Ongoing Fees, purchases from us, interest, insufficient funds (NSF) charges, late charges or any other indebtedness of you to us in any manner we choose. We may suspend services to you for failure to pay any amounts due us. Our current policy is to apply payments to the oldest open invoice.

**Section 3.6 Conditional Assignments.** You conditionally assign to us your interests in all Listing Agreements, all Domain Names, Social Media Identities and E-Mail Addresses. You will: (i) sign the Collateral Assignment of Listing Agreements set forth as an exhibit to the FDD; and (ii) sign the Conditional Assignment of Domain Names, Social Media Identities and E-Mail Addresses set forth as an exhibit to the FDD.

## ARTICLE 4 YOUR DUTIES

Upon signing this Agreement, you shall obtain our approval of the Site and open the Site for business as an Office by the applicable date set forth in Schedule A (the “**Opening Date**”). Prior to opening the Office for business, you must complete all pre-opening obligations outlined in our Manuals to our satisfaction.

**Section 4.1 Site.** You are solely responsible for selecting the Site. Unless otherwise stated in Schedule A, within 30 days from completion of the Initial Training if we choose to require our approval of the Site, you must obtain our approval of a Site within the Territory. If a Site has not been approved within this period, we may terminate this Agreement. You shall provide to us all materials we request to assist with our Site approval, including a copy of the proposed lease, landlord's consent to its terms and the like. You may not relocate the Office to another Site without our prior written permission. Upon a relocation of your Office, the new Site must also be equipped and setup to our standard specifications and layout. If you request, and we approve, in our sole discretion, the relocation of your Office to a Site located outside of the Territory, we may charge you a relocation fee equal to up to 50% of the then-current Franchise Fee. If you relocate your VR® Office without our prior approval, we may terminate this Agreement.

**Section 4.2 Equipping of Site.** You shall decorate and equip the Site to all of our standard specifications and layout which we shall designate in the Manuals or otherwise in writing. No changes can be made without our prior written approval. You are required to adhere to the minimum computer hardware and software requirements for the Computer System that we designate from time to time. You must purchase or lease signage for the Site including sign(s) bearing our Marks from a supplier approved or designated by us that conforms to our specifications, subject to applicable law and requirements under the lease.

**Section 4.3 Other Start-Up Duties** You agree at your cost and expense before beginning to operate your Business:

- (i) to purchase a supply of logoed promotional materials and related items sufficient for you to conduct your Business, all of which comply with the standards and specifications we establish;
- (ii) to acquire or have available for your use all licenses that may be required by your state; and
- (iii) to complete any and all other pre-opening obligations designated in the Manuals or otherwise in writing.

**Section 4.4 Opening.** You agree not to open your Business until you meet all of our pre-opening requirements described in our Manuals and this Agreement. These pre-opening obligations include: (a) completion of all your obligations under Sections 4.1 and 4.3; (b) our determination that your Business has been furnished, equipped, and decorated in accordance with approved plans and specifications; (c) providing us with photographs of the interior and exterior signage of your Business (which is subject to our approval); (d) completion of Initial Training to our satisfaction; (e) full payment of the Franchise Fee and all amounts due to us under this Agreement; (f) furnishing us with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we, in our sole judgment, request; (g) obtaining and providing us copies of a certificate of occupancy for your Site; and (h) obtaining and providing us copies of all necessary licenses and permits to operate your Business, including a valid broker's license if required by your state. You agree to comply with these conditions and be prepared to open your Business no later than the date set forth on Schedule A.

#### **Section 4.5 Software Requirements.**

(a) We require that you purchase computer equipment and computer software that we designate for use with our designated or approved computer related services as part of the setup of the Site or at a later time. You must use all custom computer software and accompanying information we designate, purchased or acquired from us or our designated or approved suppliers only for your operation of the Business and for no other purpose. Such computer related services may include: reporting required information to us; required accounting and banking functions; aids to transaction handling and processing; documents for your use in the operation of the Business generally, including: advertising, directories, referral network, bulletin board, catalogues, and communications; information input, retrieval and transfer generally; access to any Cloud based data or storage; and operation of regional, national and/or international databases. At your expense, you must purchase and maintain appropriate virus and information, privacy and computer crime protection measures we designate from time to time.

(b) You shall provide any assistance we require and comply with all of our System Standards to bring the Proprietary Software “on-line” with our computer. You agree that we have the right to retrieve all data and information regarding your Business from the Proprietary Software that you use, as we in our sole discretion, deem necessary. We will have unlimited “master” access to all Proprietary Software accounts used in connection with your Business. All specified items to be installed or purchased, or activities to be accomplished by you, and the delivery of all hardware and software, are at your sole expense.

(c) You agree that the Proprietary Software is designed to accommodate a certain maximum amount of data and terminals, and that, as limits are achieved, and/or as technology and/or software is developed in the future, we may require you to add memory, ports and other accessories and/or peripheral equipment and/or additional, new or substitute software to the original Proprietary Software you purchased. We may require you to replace or upgrade the Proprietary Software with another system capable of assuming and discharging all of those computer-related tasks and functions as we specify. You agree that computer designs and functions change periodically and that we may be required to make substantial modifications to our computer specifications during the Term. To ensure full operational efficiency and communication capability between our computers and your computers, you shall keep the Computer System (including Proprietary Software) in good maintenance and repair and will install, at your expense, all additions, changes, modifications, substitutions and/or replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as we direct on those dates and within those times we specify, in our sole discretion, in the Manuals or otherwise in writing on a system-wide basis. Upon termination or expiration of this Agreement: (i) all software, disks, tapes and other magnetic storage media provided to you by us must be returned to us in good condition (reasonable wear and tear excepted) at your expense; and (ii) at our direction, you shall delete all software and applications from all memory and storage.

(d) Without limiting our other rights set forth in this Agreement, we may require you to use a specified bookkeeping, accounting, business management, customer relationship management software and other specified software systems and platforms from time to time. If we do so, we may require you to pay the vendor directly, or we may require you to pay us, and we will pass on payment to the vendor. If we collect the fees from you, the fee we charge to you will not exceed: (i) the actual fee charged to us by the vendor; plus (ii) a reasonable administrative fee not to exceed \$100 per month per software account (which we may increase by up to 10% per year). We may require that any such system or platform provides us with unlimited “master” access to financial and other data.

#### **Section 4.6 Hiring, Training and Appearance of Staff.**

(a) You are solely responsible to maintain a competent, conscientious staff of employees and independent contractors (the “Staff”) necessary to meet the anticipated volume of business and to achieve the goals of the VR System. You are solely responsible for the terms of their employment/contract relationship and compensation/commission structure, and for the proper training of the Staff in the operation of your Business. While you must comply with our System Standards for the operation of your Business, you are solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements,

disciplining, supervising, and record keeping. You will not recruit or hire any Staff of a Business operated by us or another franchisee within the VR System without obtaining our or the franchisee's written permission, which shall not be unreasonably withheld, subject to any covenant not to compete, the provisions of which shall be respected and not challenged. You will not hire or employ anyone who was an employee of ours, our franchisees or any of our vendors within 1 year of the date such person left employment with us or them.

(b) You are solely responsible to ensure that persons who serve as business broker representatives/intermediaries, including consulting and valuation services, to owners of businesses who are selling their businesses or buyers attempting to purchase businesses, are duly licensed to serve in that capacity, if licensing is required by the laws of the state where your Business is located. You shall conduct at least 2 training programs for sales representatives each year which are focused upon compliance with the systems, laws and regulations applicable to the business sales/brokerage businesses and the highest professional and ethical standards. The employment agreements or independent contractor agreements you execute shall contain an obligation of the employee or independent contractor to maintain the Target Market Database which may be assigned to her or him regularly, and an acknowledgment by the employee or independent contractor that the Marketing System and VR System are our proprietary information and trade secrets. The agreements with your Staff must include a confidentiality provision regarding our Confidential Information and other proprietary information.

(c) You are solely responsible for hiring, training and supervising the personnel of your Business and must hire sufficient personnel to fully staff the Business to operate in accordance with System Standards. All personnel must meet every requirement imposed by applicable federal, state and local law. All persons you employ that have access to any of the Confidential Information must sign a confidentiality agreement, that will not otherwise contain any terms or conditions of employment, in a form satisfactory to us. You are liable to us for any unauthorized disclosure of such information by any of your Owners, directors, employees, representatives or agents.

**Section 4.7 Best Efforts** . You agree that, during the Term you (or your majority owner, if you are a business entity) shall at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance your Business and the VR System, and not engage in any other business or activity that conflicts with your obligations to operate your Business in compliance with this Agreement. You may not operate your Business from any location other than the Site without our prior written consent.

#### **Section 4.8 Management.**

(a) If this Agreement is signed by 2 or more individuals or by a business entity, you agree to designate in writing 1 individual as the Manager upon signing this Agreement. We have the right to rely solely on instructions of the Manager concerning the operation of your Business until we receive a duly signed written notice changing the designated Manager.

(b) The Manager must devote his or her best full-time efforts to the management and operation of your Business. You agree that your Business requires the day-to-day supervision by the Manager at all times your Business is open. The Manager, and all successive Managers, if any, are required to complete Initial Training before managing your Business, unless we otherwise agree in writing.

(c) If we have permitted the Manager to be an individual other than the Franchise Owner, and the Manager fails to satisfy his or her obligations provided in Subsection 4.8(b) due to death, disability, termination of employment or for any other reason, the Franchise Owner will satisfy these obligations until you designate a new Manager of your Business who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training for the new Manager, including our then-current Additional Training Fee.

**Section 4.9 Use of the Site** . You must use your Site only for the operation of your Business. You must keep your Business open and in normal operation meeting our System Standards for the minimum hours and days as we may require in the Manuals or otherwise in writing except as may be limited by: (a) local law; or (b) the landlord's rules and regulations, if we approve them during the lease approval process. You shall operate your Business under

the name of your business entity or registered d/b/a or fictitious name on listing agreements, purchase agreements, contracts with vendors, etc. However, you shall always reference your affiliation with us by using the logo, etc. in all marketing/advertising, when answering the phone, etc. as we direct. Your business name must be approved by us before you begin operating the Business in association with us or the Marks. Your own name must be clearly indicated on the premises, if required, with "EACH VR® OFFICE IS INDEPENDENTLY OWNED AND OPERATED" conspicuously quoted on all advertising materials, sales aids, business cards, stationery and other forms in a manner specified or approved by us and which clearly indicates that you are an independent owner and operator of the business.

**Section 4.10 Operational Requirements .** To the extent we may designate or approve from time to time, you will:

- (i) Utilize the accounting system we specify in the Manuals or otherwise in writing (which may be required to provide us with unlimited access to financial and other data) and accept only those types of fees we designate or approve in connection with the provision of any service to your clients;
- (ii) Conduct diligently and continuously the operations of the Office at the Site during regular business hours at least 5 days per week excluding holidays, and during such hours, maintain and cause to be answered a telephone number, always using a greeting that we designate or approve;
- (iii) Enter into listing agreements, assignments to sell agreements, sale mandates, or any form of marketing agreement with owners of businesses that contain provisions that permit you to share with us all information about that owner's business;
- (iv) Enter into listing agreements or assignment to sell agreements with owners of businesses that contain provisions that permit you and us to share information about that owner's business with other franchisees;
- (v) Participate, to the extent we offer and in the manner we designate, each program which we may offer as a part of the Marketing System;
- (vi) Enter all businesses into the Proprietary Software for distribution, or enter directly for distribution, to other "businesses for sale" web sites, with which VR has agreements, within 3 days after the agreement is signed;
- (vii) Acquire a Target Market Database for each sales agent that joins your Staff, which shall be large enough to operate the Business while taking into account the number of agents that has joined your Staff;
- (viii) In order to stay informed on developments affecting the Marketing System, VR System and your Business, you agree to check your electronic mailbox for system communications on a regular basis. You shall also visit the Member Services area of our Website, and any other area of our Website designated for periodic updates, on a regular basis;
- (ix) Promptly notify us of any changes in the identity of your agents/associates;
- (x) On a quarterly basis, mail letters, or send emails, and other materials we approve, to a minimum of 500 businesses for you and 500 businesses for each sales agent affiliated with your Office;
- (xi) Participate in the Proprietary Software, furnishing all information and data each requires;

(xii) We recommend that you or one of your owners attend and timely register for our annual convention for continuing education and such other meetings and conventions as we may designate, at your expense;

(xiii) Operate your Business in conformity with all uniform methods, standards and specifications required in the Manuals or otherwise in writing, to ensure that the highest degree of quality and service is uniformly maintained;

(xiv) Comply with all of the System Standards, specifications and other rules, regulations and procedures we designate both now and in the future, including those on sales, good business practices, advertising and other obligations and restrictions;

(xv) Adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with Clients, suppliers, employees, independent contractors, us and the public;

(xvi) Acknowledge that we do not set or direct the fees you charge for services you render to business owners or buyers and such fees are to be set by you and may be negotiated between you and your Clients;

(xvii) Utilize and acquire the computer equipment, software and services we designate or approve from time to time (the "**Computer System**"), and use the Computer System in the manner we designate or approve from time to time;

(xviii) Purchase all products, services, materials, signs, and supplies designated for, used or offered by or in connection with your Business, from suppliers we designate or approve ("**Approved Suppliers**") which meet our System Standards, and to the extent we do not designate or approve an Approved Supplier for anything in particular, purchase or lease it to the extent we designate or approve only if it meets our System Standards; and

(xix) Follow all of our System Standards that we may designate or approve from time to time. We may change, alter, amend or discontinue any System Standard at any time upon publishing it in our Manuals or providing written notice to you.

**Section 4.11 Telephones and Answering Service** . To the extent we designate or approve from time to time, you will:

(i) Continuously maintain a sufficient number of operating telephone lines and telephone numbers to be used exclusively for the operation of your Business and not for any other business, as we reasonably require, with sufficient staff to handle telephone calls in an efficient and courteous manner at all times during normal business hours;

(ii) Maintain a voice mail or an answering service during and after normal business hours;

(iii) If requested by us, continuously grant us electronic access that permits us to monitor accounting and operational information; and

(iv) The telephone number for the Office shall be a telephone number that is within the normal telephone exchange for the area in which the Office is located.

We have the right to take over the telephone numbers upon default or expiration in accordance with Section 12.6.

**Section 4.12 Maintenance and Repairs** . You will follow our System Standards, and shall carry out maintenance, repairs and replacements as required to maintain the condition and appearance of the Office. You may be required during the Term to upgrade the Office to our then current System Standards.

**Section 4.13 Compliance with Laws, Rules and Regulations** . You shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain, maintain and renew when required all permits, certificates, licenses or franchises necessary for the proper conduct of your Business under this Agreement.

**Section 4.14 Tax Payments; Contested Assessments** . You shall promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of your Business.

**Section 4.15 Client Surveys; Client List** . You shall present to Clients any evaluation forms we require and shall participate and/or request your Clients to participate in any marketing surveys performed by or for us. You shall participate in any process we develop to record all Client information in the Proprietary Software.

**Section 4.16 Inspections** . You shall permit us and/or our representatives to enter your Site or Office at any time during normal business hours with or without prior notice, for purposes of conducting inspections. The inspections shall be performed in a manner that minimizes interference with the operation of your Business. You shall cooperate fully with us and/or our representatives in inspections by rendering assistance as we or they may reasonably request and by permitting us or them, at our or their option, to observe how you are rendering the services, to monitor sales volume, and to confer with your employees, independent contractors and Clients. We and/or you may videotape the inspections. Upon notice from us, and without limiting our other rights under this Agreement, you shall take all steps necessary to correct immediately any deficiencies detected during inspections, including immediately stopping use of any advertising, materials, products, supplies or other items that do not conform to our then-current requirements. If you fail or refuse to correct any deficiency, we have the right, without any claim to the contrary by you, to enter your Site without being guilty of trespass or any other tort, for the purposes of making or causing to be made all corrections as required, at your expense, payable by you upon demand.

**Section 4.17 Notices to Us.**

(a) You must notify us in writing and supply us copies of all relevant documents within 5 days of any of the following events:

(i) The start of any action or suit or other proceeding against you or any of your Staff that may have a material adverse effect on your Business or the VR System;

(ii) Any communication by any governmental entity relating to the conduct of your Business that indicates a material non-compliance with any applicable law, rule or regulation; or

(iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your Staff that may have a material adverse effect on your Business or the VR System.

(b) You shall provide us with any information we request, within 5 days of request, about the progress and outcome of these events.

**Section 4.18 Operational Suggestions** . You are encouraged to submit suggestions, improvements, new or modified versions for uses of IP and any other invention, process or method developed during your operation of your Business (“**Improvements**”), in writing to us for improving elements of the VR System, including services, service format, advertising and any other relevant matters. We may consider adopting or modifying those Improvements for use with the VR System. You agree that any Improvements are deemed our exclusive property

and you assign to us all right, title and interest in and to them. If for any reason applicable law will not deem or permit such Improvements to be automatically owned by us, by your entering into this Agreement you grant to us a worldwide, exclusive, multi-site, multi-user license to use, reproduce, modify and create derivative works from, and to sublicense to others, the Improvements, along with all goodwill and right to litigate for past infringements of or associated with such Improvements. We have no obligation to use or permit you to use any Improvements. You may not use any Improvements inconsistent with your obligations under this Agreement without our written consent.

**Section 4.19 Renovation and Upgrading** . You shall abide by our System Standards, including requirements for alterations, remodeling, upgrading or any other improvements to your Business to achieve the strategic marketing goals of the VR System. You shall bear the entire cost of changes or additions, for any changes in, or additions of, equipment, furnishings, fixtures, lighting, carpeting, painting or the taking of other actions we specify to satisfy our then-current System Standards for image, positioning, and marketing strategy.

**Section 4.20 Publicity** . You grant us the right to freely use, modify and sublicense any pictures, financial information, or biographical material relating to you or your Business for use in promotional literature or in any other way we deem beneficial to the VR System as a whole.

**Section 4.21 Performance Standards.**

(a) Throughout the Term you agree, at your cost and expense, to use your best efforts to solicit and cause owners of businesses and potential buyers of businesses to engage you to serve as their business broker/intermediary. You further agree to place, within 3 days of securing a Listing Agreement, Engagement Agreement, Marketing Agreement or an Assignment to Sell Agreement from a seller of a business, all data pertinent to the listing and a detailed description of the business to be listed in the platform we designate. We also require you to send us electronic copies of executed Listing Agreements, Engagement Agreements, Marketing Agreements and Assignment to Sell Agreements within 3 days of the date of execution. All data you supply to us or submit via our designated platforms must be accurate and complete, to the best of your knowledge. We may terminate this Agreement if you knowingly or repeatedly provide false or inaccurate information to us.

(b) You understand that obtaining and maintaining listings of both businesses for sale and sales representatives are critical to the success of your Business. Therefore, you must meet the following **“Performance Standards”**: (1) beginning on the first anniversary of the Effective Date and ending on the second anniversary of the Effective Date, you must complete a minimum of 1 business sale; and (2) beginning on the second anniversary of the Effective Date and in each year thereafter, you must complete a minimum of 2 business sales per year.

(c) If you fail to achieve and maintain the Performance Standards, we at our sole discretion may: (i) modify, reduce or eliminate your Territory; or (ii) terminate this Agreement for material breach if not corrected within 45 days of our written notice to you. We shall have the right to own, operate or franchise other VR® Offices within the former Territory.

(d) THE MINIMUM PERFORMANCE STANDARDS DO NOT IMPLY THAT YOU WILL EXPERIENCE GROSS REVENUES OF ANY PARTICULAR LEVEL.

**Section 4.22 Negative Covenants** . Unless we expressly permit you to do otherwise, and to the extent we may designate, you are not permitted to offer or sell, act as a broker/intermediary for the offer or sale of, or receive any compensation of any kind for acting as a broker/intermediary in connection with the offer or sale of any VR® Businesses other than the sale of your Business.

**Section 4.23 Approval of Approved Suppliers** . Our criteria for approval of Approved Suppliers, items, goods or services may include their financing terms, history, participation in cooperative marketing and other programs we may designate, quality, delivery and other similar terms. If you want to use any item or service that does not comply with our System Standards or is to be purchased from a supplier, manufacturer, distributor or service

provider that has not yet been approved, you must first give us written notice of intended change of supplier, manufacturer, distributor or service supplier and submit sufficient information, specifications and samples for our determination whether the type, model or brand of equipment, material or services complies with our System Standards or the supplier, manufacturer, distributor or service supplier meets our criteria for approval. We shall, within 90 days of the date you provide us all such information we request, determine whether such type, model or brand or service complies with our specifications and/or whether such supplier, manufacturer, distributor or service supplier meets our criteria for approval. We shall, from time to time, establish procedures for submitting requests for approval of them and may impose limits on the number of approved items, services, manufacturers, distributors, service providers or suppliers. Approval of manufacturers, distributors, service providers or suppliers may be conditioned on requirements relating to product or service quality, frequency of delivery, standards of service and concentration of purchases with one or more manufacturers, distributors, service providers or suppliers in order to obtain better prices and service, and may be temporary, pending our further evaluation of the manufacturer, distributor, service provider or supplier. Our approval of any Approved Supplier, product or service means only that it has met the standards we designate of Offices, and not that we, in any way, warrant or guaranty the safety, performance or workmanship of the supplier, the product or the service.

## **ARTICLE 5 INTELLECTUAL PROPERTY**

### **Section 5.1 Your Use of the Intellectual Property.**

- (a) You may use the IP only in accordance with the System Standards;
- (b) You will use the IP only for the operation of your Business at the Site;
- (c) You will not employ any of the IP in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours;
- (d) You shall use only the IP we designate as the sole service mark identifications for your Business and will display prominently the IP on and/or with all materials we designate and authorize, and in the manner we require;
- (e) You will not use any of the IP as security for any obligation or indebtedness;
- (f) We must approve the name for your new business entity formed specifically for the purpose of operating the Business, and not to be used for any purpose after termination or expiration of this Agreement. You will not use any of our Marks as part of the name of your business entity and you shall not use any trade name, corporate name or the like that uses the letters "V," "R" and/or "B" and/or the words "acquisitions", "brokers", "mergers" and/or "divestiture" ("**Prohibited Words**") unless you obtain our prior written approval for such use (which approval by us may be denied or withdrawn for any reason). You shall have the name for your business entity end with the phrase "Business Group" or "Advisory Partners". Within 90 days of the date of termination, expiration or transfer of this Agreement you must dissolve the business entity and completely deidentify it with the VR® System.
- (g) You shall comply in filing and maintaining any required fictitious, trade or assumed name registrations for the "VR®" trade name, and shall sign all documents we designate to obtain protection or indicate our rights in the IP, for example, John Jones d/b/a "VR®" or ABC, Inc. d/b/a "VR®";
- (h) You shall maintain as required by our System Standards: (i) a sign or graphics package at or near the front of the Site on any pylon sign, building directory or other area identifying the Site only as "VR®" "VR Business Brokers®," "VR Business Sales" or "VR Mergers & Acquisitions®" or any combination of those Marks or names, or such other Mark we designate; and (ii) internal signage in your Office. The signage shall conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or landlord regulations; and

(i) Without our prior written approval, you shall not use any of our Marks as part of any e-mail address, Website, domain name, social media identity or any other electronic media (including use with any prefix, suffix or other modifying words, terms, designs, or symbols), or in any other manner connected with a Website, advertisements on a Website, or other similar electronic media.

**Section 5.2 Infringement By You** . You acknowledge that the use of the IP outside the scope of this Agreement, without our written consent, is an infringement of our rights in the IP. You agree that during the Term, and after the expiration or termination of this Agreement, you shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the IP, or take any other action in derogation of our rights.

**Section 5.3 Claims Against the IP** . If there is any claim of infringement, unfair competition or other challenge to your right to use any IP, or if you become aware of any use of, or claims to, any IP by persons other than us or our franchisees, you shall immediately notify us in writing. You will not communicate with anyone except us and our counsel on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether to take any action on any infringement, challenge or claim, and the sole right to control any litigation or other proceeding arising out of any infringement of, challenge or claim to any IP. You agree to sign all instruments and documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the IP (including the Marks) or otherwise to protect and maintain our interests in the IP.

**Section 5.4 Your Indemnification** . We will indemnify you against and will reimburse you for all damages for which you are held liable in any proceeding arising from or in connection with your use of any IP in accordance with this Agreement, but only if you: (a) have timely notified us of the claim or proceeding in accordance with Section 5.3; (b) have fully complied with all of the terms of this Agreement; (c) allow us sole control of the defense and settlement of the action in accordance with Section 5.3; and (d) cooperate fully with us and our counsel in the defense of the action.

**Section 5.5 Our Right to Modify the IP** . We may, in our sole discretion, modify or discontinue the use of any of the IP (including the Marks) and/or use one or more additional or substitute copyrights, names or Marks. You are obligated to make such changes to the authorized use of IP as we designate at your expense within 30 days of our request. You are responsible for your printing and signage expenses in modifying or discontinuing the use of the IP and substituting different IP, as we direct.

**Section 5.6 Ownership; Inurement Solely to Us** . You agree that: (a) you have no ownership or other rights in the IP, except as expressly granted in this Agreement; and (b) as between you and us, we are the sole owner or exclusive authorized licensor of the IP and all associated goodwill. You agree that all goodwill associated with your Business inures directly and exclusively to our benefit and is our sole and exclusive property except through profit received from the operation or possible permitted sale of your Business during the Term. You shall not in any manner prohibit or do anything that would restrict us or any existing or future franchisee of a business either similar or dissimilar to your Business from using the Marks or the IP or from filing any trade name, assumed name or fictitious name registration with respect to any business to be conducted outside the Territory or any business within the Territory that is permitted by this Agreement. If you secure in any jurisdiction any rights to any of the IP (or any other IP) not expressly granted under this Agreement, you shall immediately notify us and immediately assign to us all of your right, title and interest to the IP (or any other IP).

**Section 5.7 Grant of Software License** . We license to you the right to our proprietary software and any improvements thereto, and we may require you to license from us any additional proprietary software we may develop in the future (collectively, the “**Proprietary Software**”). Our license to you of the Proprietary Software also includes our assistance to you to install the Proprietary Software on your Computer System. Subject to the terms and conditions of this Agreement, if we lease or license or otherwise provide any Proprietary Software to you, we grant you a non-exclusive, non-transferable and non-sublicensable license to use the Proprietary Software as follows:

(a) You and your employees may use the Proprietary Software solely within the scope of your operation of your Business under this Agreement for your Business' internal operations and business purposes in accordance with this Agreement. The Proprietary Software may be installed only on your owned or controlled computers which are part of the Computer System and only in accordance with the System Standards. Proprietary Software may be installed and used only to enable you and your employees to use the Proprietary Software in accordance with this Agreement. You are responsible for all use of the Proprietary Software and for compliance with this Agreement; any breach by you or any user or third party will be deemed to have been incurred by you.

(b) We may permit you to make a reasonable number of copies of the Proprietary Software if you follow all of the System Standards for doing so for backup purposes. However, you must notify us of your intent to do so and obtain our prior written permission. No portion of the Proprietary Software may be used independently of the Computer System and your operation of your Business.

(c) You must not decompile or reverse engineer any executable code for any Proprietary Software we provide (e.g., to reveal the corresponding source code), except to the minimum extent permitted by law. You shall not avoid, circumvent, or disable any security device, procedure, protocol, or mechanism that we may include, require or establish with respect to the Proprietary Software. You shall not delete, alter, cover, or distort any copyright, trademark or other proprietary rights notice placed by us on or in the Proprietary Software, and shall ensure that all such notices are reproduced on all copies of the Proprietary Software.

(d) The Proprietary Software may not be used except as expressly authorized in this Agreement, the Manuals or otherwise in writing. We reserve all rights not expressly granted.

(e) The Proprietary Software (and all copies and derivatives) is, and at all times will remain, our (and our licensors') sole and exclusive property, including all copyrights and other intellectual property rights in or to such Proprietary Software. Except as otherwise expressly provided, you agree that neither you nor any third party shall obtain any express or implied rights in or to any part of the Proprietary Software.

(f) You shall take all reasonable steps to protect the Proprietary Software from any use, reproduction, publication, disclosure or distribution that is not specifically authorized by this Agreement. You shall ensure that you and your agents or employees do not disclose your or their user IDs and passwords to any person or entity other than on a need-to-know basis. You shall be responsible for the security of user IDs and passwords, and must immediately notify us of any suspected or actual theft, loss or fraudulent use of them.

(g) During the term of this Agreement, we will provide limited Proprietary Software support services to the extent we deem practicable in the manner we designate from time to time in the Manuals or otherwise in writing.

(h) All updates, patches, bug fixes, modifications, enhancements and new versions of the Proprietary Software and all other deliverables and work product we develop for such Proprietary Software and provide to you will be subject to the terms and conditions of this Agreement, unless otherwise expressly agreed in writing by us. Our software support services for such Proprietary Software, if any, extend only to the Proprietary Software free of any additions or modifications that have not been made by us or our agents, or approved by us in writing. Further, such support services extend only to the most current version of the Proprietary Software as used on or in the hardware, platforms and operating environment(s) designated by us for use with the Proprietary Software. Our support services also do not include the following and we have no responsibility or liability for:

(i) Addressing errors, defects, or damage in or to the Proprietary Software resulting from causes other than those arising in the ordinary permitted use of the Proprietary Software, or from the use of a third party software, firmware or data, or from the use of hardware not meeting our minimum recommended configuration;

(ii) Providing hardware-related services;

- (iii) Providing training to your personnel except as otherwise provided in this Agreement; or
- (iv) Developing or otherwise providing you with additional features, functionality, or customizations to the Proprietary Software.

(i) You agree to cooperate fully with us in the performance of our software support services, including by providing us with such timely, accurate and complete information and reasonable access to your personnel and facilities as we may require or request. You are responsible for obtaining written agreements from each of your employees who have access to or utilize any aspect of the Computer System or Proprietary Software under such agreements whereby they agree to be bound by the terms of this Agreement relating to the Computer System and Proprietary Software. Such agreements must provide that we are third-party beneficiaries to such agreements. To the extent you delay or fail to satisfy your obligations to us, we shall be relieved of our obligations under this Agreement and you shall be deemed in breach of it.

(j) We shall have no responsibility for: (a) any use of the Proprietary Software after we have notified you to discontinue use; (b) the combination or use of the Proprietary Software with content, assets, technology or other materials not supplied by us; or (c) alteration of the Proprietary Software or use of a version of the Proprietary Software that has been superseded by a newer version.

(k) WE AND OUR AFFILIATES, IF ANY, DISCLAIM ANY WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER EXPRESS, WRITTEN, ORAL, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR ANY WARRANTIES ARISING UNDER THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT, HOWEVER ENACTED IN ANY STATE OR JURISDICTION AND ANY WARRANTIES UNDER ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE (AS APPLIED IN ANY STATE) WITH RESPECT TO THE SUPPLIES OR COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THE SERVICES AND FUNCTIONS THEY PERFORM AND THEIR DESIGN. NEITHER WE NOR OUR AFFILIATES ARE LIABLE UNDER ANY CIRCUMSTANCES TO YOU FOR ANY CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR COLLATERAL DAMAGES OF ANY NATURE WHATSOEVER IN CONNECTION WITH ANY OF THE SUPPLIES OR COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THEIR DESIGN (INCLUDING YOUR RIGHT TO USE, DELIVERY, INSTALLATION AND YOUR USE OF THEM), THE SERVICE AND FUNCTIONS THEY PERFORM (OR FAIL TO PERFORM), THEIR DESIGN AND THIS AGREEMENT, WHETHER BY REASON OF IMPERFECTION OR DEFECT IN THEM OR IN THEIR PERFORMANCE, OUR (OR ANY OF OUR AFFILIATES) BREACH OR OTHERWISE, EVEN IF WE (OR OUR AFFILIATE) ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER THEY ARE BASED IN TORT OR IN CONTRACT. IF WE (OR OUR AFFILIATES) DO NOT CAUSE SUPPLIES OR THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS OR EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR ANY OF OUR AFFILIATES TO PERFORM IN ACCORDANCE WITH THE SPECIFICATIONS, THEN YOUR SOLE RECOURSE AND REMEDY WILL BE FOR US (OR OUR AFFILIATES), AT OUR (OR THEIR) ELECTION, TO REPLACE SUCH SUPPLIES, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES WITH ANOTHER ONE WHICH PERFORMS IN ACCORDANCE WITH SPECIFICATIONS. IN NO CASE SHALL OUR LIABILITY EXCEED THE COST OF SUCH SUPPLIES, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES WHICH YOU RECEIVE FROM US OR OUR AFFILIATES ON WHICH A CLAIM FOR DAMAGES IS BASED. HOWEVER, WE SHALL ASSIGN TO YOU ANY WARRANTIES FROM THE MANUFACTURERS OF ANY OF THE COMPONENTS OF THE SERVICES, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES. THESE WARRANTIES MAY BE VOIDED BY MISUSE, ACCIDENT, MODIFICATION AND FAILURES FOR WHICH WE ARE NOT DIRECTLY RESPONSIBLE.

**ARTICLE 6  
MANUALS AND OTHER  
CONFIDENTIAL INFORMATION**

**Section 6.1 In General .** To protect our reputation and goodwill and to maintain uniform standards of operation under the IP, you shall conduct your Business in accordance with our policies, procedures, rules and regulations (the “**System Standards**”) as prescribed in our Manuals or otherwise in writing. To the extent any of the System Standards, or other resources in the Manuals or otherwise in writing, address personnel or employment matters, those are not mandatory but are merely recommendations, suggestions or guidelines. System Standards do not include any mandatory requirements on your employees’ wages, working conditions, hours, staffing levels, shift timing or other terms of employment. We shall loan you a copy of or make accessible in electronic form a copy of the Manuals. The Manuals are our IP and the contents of the Manuals are deemed an integral part of this Agreement with the same effect as if fully stated in this Agreement. As described in the Manuals or otherwise in writing, we shall provide you generalized advice and operational support based on reports you submit to us or inspections we make, at the times and to the extent we designate in the Manuals or otherwise in writing.

**Section 6.2 Confidential Use.**

(a) The Manuals and other copyrighted materials made available to you contain our IP, such as confidential and proprietary information, and are our trade secrets. We possess and shall develop and acquire certain confidential and proprietary information and trade secrets consisting of the information, methods, techniques, procedures and knowledge we, our affiliates, or our Franchisees develop, or acquire or license from others (the “**Confidential Information**”) including: (1) methods, techniques, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (2) marketing and promotional programs for business sales/brokerage/intermediation; (3) our Proprietary Software; (4) knowledge of our customer lists, operating results and financial performance; (5) Listing Agreements, Engagement Agreements, Marketing Agreements and Assignment to Sell Agreements, and all information and data related to, and contained in, such agreements and (6) any other information we designate as Confidential Information.

(b) In the course of the operation or promotion of your Office, you (or your owners or Principals) or your employees may develop Improvements relating to your Office or the System, which you agree to disclose to us. We shall be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of the Offices or any aspect of the System. Improvements shall then also constitute Confidential Information.

(c) We shall make available to you all parts of the Confidential Information as are required for the operation of your Business during Initial Training, in the Manuals or otherwise in writing, and in guidance and assistance furnished to you during the Term, and you may learn additional Confidential Information during the Term. You agree to disclose the Confidential Information to your employees only to the extent reasonably necessary. You agree that, during and after the Term, you, your owners, employees and agents will: (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the VR® Office concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (iv) adopt and implement all procedures that we prescribe from time to time to prevent unauthorized use or disclosure of, or access to, the Confidential Information

(d) All persons whom you permit to have access to the Manuals or any other Confidential Information must first sign our form of Confidentiality and Nondisclosure Agreement. Nothing contained in this Agreement will be construed to prohibit you from using the Confidential Information in the operation of your Business under this Agreement.

(e) You will report the theft, loss or destruction of, or unauthorized access to, the Manuals immediately to us. Upon the theft, loss or destruction of the Manuals, we shall loan to you a replacement copy at our then-current replacement manual fee. A partial loss or failure to update any Manual is considered a complete loss.

(f) You, or if you are a Business Entity, your principal owners, shall execute the Confidentiality and Non-Disclosure Agreement attached as Exhibit M-2 to our Franchise Disclosure Document.

(g) All persons whom you permit to have access to the Manuals or any other Confidential Information, must first sign our form of Confidentiality and Nondisclosure Agreement attached as Exhibit M-1 to our Franchise Disclosure Document.

**Section 6.3 Periodic Revisions** From time to time, in our sole discretion, we may change the contents of the Manuals, including any System Standards. You will immediately, or within the time periods we specify, comply with each new or changed provision. Revisions to the Manuals shall be based on what we, in our sole discretion, deem is in the best interests of the VR System, our interest and the interest of our Offices, including to promote quality, enhance goodwill, increase efficiency, decrease administrative burdens, or improve profitability. You shall ensure that your copy of the Manuals contains all updates you receive from us. In any dispute as to the contents of the Manuals, the terms contained in our master copy of each of the Manuals we maintain at our home office is controlling.

## **ARTICLE 7 ADVERTISING**

**Section 7.1 Pre-Opening Advertising** . Promptly following the commencement of your Business, you agree to acquire a database of information identifying a minimum of 2,500 businesses of the type sold by VR® Offices and most accessible to the Site (the “**Target Market Database**”). Further, you agree to acquire an additional Target Market Database for each sales agent associated with your Business. You are responsible for obtaining the Target Market Databases. At any time, we may change, alter, amend, replace or discontinue the Target Market Database and/or any related data management system. Beginning on the Effective Date, you shall spend at least \$500 per month on approved search engine optimization marketing to market your Business.

**Section 7.2 Local Advertising** . At your expense:

(i) Beginning on the one-year anniversary of the Opening Date, you shall spend on Local Advertising at least 5% of Average Monthly Franchisee Income. You shall not be required to spend more than \$3,000 per month on Local Advertising, where at least \$500 of this monthly Local Advertising expenditure must be spent on approved search engine optimization marketing (each of these maximum dollar amounts may be increased annually based upon the percentage year-over-year increase in the Consumer Price Index published by the U.S. Bureau of Labor Statistics or comparable successor index). “**Average Monthly Franchisee Income**” is equal to total Franchisee Income over the immediately preceding 12-month period, divided by 12. You shall submit evidence of such expenditures to us quarterly, no later than the 10<sup>th</sup> day of the first month of each succeeding quarter. You may spend more than the required minimum amount for Local Advertising, subject to our approval of all advertising materials. If we determine that you have failed to spend the required minimum amounts for Local Advertising, we may require you to reimburse us for amounts we spend satisfying your Local Advertising requirements, plus our related costs.

(ii) You may be required to submit to us for our approval all materials to be used for Local Advertising, unless they have been previously approved by us or they consist only of materials we provide. All materials containing the IP must include the applicable designation - service mark <sup>SM</sup>, trademark <sup>TM</sup>, registered <sup>®</sup> or copyright <sup>©</sup>, or any other designation we specify. If you have not received written or oral disapproval of materials submitted within 10 days from the date we received the materials, the materials are deemed approved. We may require you to withdraw and/or discontinue the use of any promotional

materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the VR System or the IP. We shall make this requirement in writing, and you have 5 days after receipt of notice to withdraw and discontinue use of the materials or advertising, unless otherwise agreed in writing. The submission of advertising to us for our approval does not affect your right to determine the prices at which you sell your products or services.

(iii) Subject to any legal restrictions, you shall include a sign (supplied by us) in a conspicuous place within the Site containing such statements as we may designate (e.g., "Business Opportunities Available"). All responses must be immediately referred to us at (954) 565-1555 or any other number or through any means of communication we designate and, to the extent we may designate, shall include our corporate address. You have no authority to act for us in Franchise sales; you are merely a referral source.

**Section 7.3 Local Advertising Cooperative.** If a local advertising cooperative is established for your market, you shall be required to contribute to it an amount determined by the local advertising cooperative, participate in its activities and be subject to its governing documents. We may require that advertising cooperative rules, governing documents and expenditures be subject to our approval. There currently are no local advertising cooperatives that advise us on advertising policies. We reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters.

**Section 7.4 Website Advertising, Social Media, and E-commerce Activities.** We have the right to approve, designate, require, control or prohibit any aspect of your e-commerce activities, including your use of the Internet, intranet, websites, e-mail, bulletin boards, chat rooms, social networking sites (including but not limited to Facebook, Instagram, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications), blogs, online purchasing cooperatives, marketplaces, barter exchanges, domain names, wireless banner ads, hyperlinks, metatags, and any other form of electronic communication or social media of whatever type ("**e-commerce**"). As used in this Agreement, the term "**Website**" means an interactive electronic document, contained in a network of computers linked by communications software. Any Website using our name or containing our Marks or any form of e-commerce we may designate is deemed Local Advertising under this Agreement and is subject to, among other things, our prior written consent. You shall follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks, IP or the Marketing System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us and/or operated by us or our designee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with the Proprietary Software. We may charge you our then current fees for any e-commerce activities which we designate. We may require you to obtain the services of and pay the then current fees for ISP and ASP services and the like. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the VR System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like; such information is deemed by us to be and constitutes our Confidential Information. If we permit you to make any changes to the Website applicable to your Business, all changes will be at your sole expense. You grant to us sole right, title and interest in and to all content, including all images and video on the website we issue you, all of which is our IP.

**Section 7.5 Use of the Internet; No Separate Website .** We currently operate Websites related to the VR® System at [www.vrbb.com](http://www.vrbb.com), [www.vrbusinessbrokers.com](http://www.vrbusinessbrokers.com), and [www.vr-ma.com](http://www.vr-ma.com) (each a "**VR Website**") and have the right to designate successor Website(s). We may, but are not obligated to, provide you with one or more references, web page(s) or Website(s), as we may periodically designate, within the VR Website or any other Website that we establish and maintain from time to time. We retain the sole right to market the VR® Offices and to use the Marks on the Internet, including all use of Websites, domain names, social media, URLs, directory addresses, linking, meta-tags, advertising, auction sites, e-commerce, co-branding arrangements and other arrangements.

You may **not**:

- (i) Use the Marks, or any derivation thereof, as part of any domain name or electronic mail address, without our prior written consent.
- (ii) Establish, or permit any other party to establish, a Website relating in any manner whatsoever to the VR® Office or referring to the Marks.
- (iii) Establish, or permit any other party to create a third-party website to your benefit that promotes any similar services offered by VR® franchises, with or without using the Marks.

Your failure to comply with this Section shall be deemed a material default under this Agreement.

Notwithstanding the provisions in this Section concerning our exclusive ownership of all Websites and web pages related to the VR® Office, the Marks or System, you shall transfer and assign to us control of, and any ownership interest you may have in, any web page(s) and Website(s) or e-mail address you utilize, operate or own related to your VR® Office, including all passwords and control over social media accounts, upon expiration or termination of this Agreement, regardless of the reason for the expiration or termination (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration). Further, upon termination or expiration (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration), you must transfer and assign to us control of, and any ownership interest you may have in, any web page(s) or Websites or e-mail address you use or develop, whether during the Term or during the post-term non-compete period set forth in Section 13.1(a)(ii), that would compete with a VR® Business.

## **ARTICLE 8 ACCOUNTING AND RECORDS**

**Section 8.1 Records.** You shall maintain complete and accurate records for the operations of your Business. Records shall be segregated from all other records that do not concern your Business. You shall preserve the records for at least 6 years from the dates of their preparation (including after the termination, transfer or expiration of this Agreement). You must provide us unrestricted access to all of your Business records via the Computer System or other means we designate.

### **Section 8.2 Reports and Statements; Confidentiality.**

(a) **Transaction Reports and Customer Lists.** You shall provide to us transaction, operation, listing or any other reports that we require from time to time, on such forms as we designate, on or before such times or reporting periods we designate, and containing such information as we request. In addition, you shall provide to us Customer and Client lists, containing unredacted data and information that we designate (including without limitation Customer or Client demographic data, contact information, business information and related information and data) on forms and through platforms or media that we may designate from time to time.

(b) **Closing Statements and Listing Agreements.** Within 3 Business Days of signing, you must provide to us copies of all closing statements, Listing Agreements, Engagement Agreements, Marketing Agreements and Assignment to Sell Agreements and other Transaction Documents, including any amendments, changes and commission (fee) disbursements, for all transactions in which you are involved. You shall promptly notify us of any amendments or changes to any of the foregoing documents. We may designate the method of providing these documents, and you must use the designated method as we require.

(c) **Financial Statements.** We may require you to provide to us your financial statements, including profit and loss statement, revenue reports, and other financial statements, on a monthly, quarterly or other basis. These financial statements must be prepared in accordance with Generally Accepted Accounting Principles. In addition, the financial statements must be signed by you or by your treasurer or chief financial officer attesting that the financial statements are true and correct and fairly present your financial position at and for the times indicated.

(d) **Annual Financial Statements.** You shall provide to us on an annual basis, within 60 days following completion of your fiscal year, your financial statements compiled by your independent certified public accountant. These statements must be prepared in accordance with Generally Accepted Accounting Principles, but footnotes are not required. In addition, the financial statements shall be signed by you or by your treasurer or chief financial officer attesting that the financial statements are true and correct and fairly present your financial position at and for the times indicated. In addition to the foregoing statements, you shall furnish to us, promptly upon request, the Principal Owner's Statement, certified as complete by you. If any person originally disclosed on this Principal Owner's Statement ceases to have an interest in your Business, you shall notify us within 10 days after such change. You shall also supply to us copies of your federal and state income tax returns at the time these returns are filed with the appropriate tax authorities. We may require you to complete and provide to us a Form 4506-T to authorize us to request a transcript of your tax returns from the IRS. You may not file for a tax return filing extension longer than 60 days without our prior written approval, and you must provide a copy of your extension filing. You shall, in a manner satisfactory to us, and in accordance with Generally Accepted Accounting Principles, maintain original records, accounts, books, data, licenses, contracts and product supplier invoices, which shall accurately reflect all particulars relating to your Business and such statistical and other information or records as we may require. This information must be kept for not less than 6 years, even if this Agreement is no longer in effect.

(e) **Confidentiality.** We agree to maintain the confidentiality of all financial information we obtain about your Business, and shall not disclose this financial information to any third party who is not bound to maintain the confidentiality of the information; provided however, that: (i) we may disclose the information if required by legal process to do so; (ii) we may use the information in preparing any earnings claims or other information required or permitted by federal or state franchise law; and (iii) we may prepare a composite list of financial performances by our franchisees for dissemination among the franchisees, identifying your gross revenues and advertising expenditures. This composite list will not include your identity nor will the information be presented in such a manner that your identity can be easily ascertained.

**Section 8.3 Review and Audit.** We and our representatives have the right, at all reasonable times, to examine and copy, at our expense, or have sent to us electronically, your Business records, including access to your accounts (including, without limitation, social media accounts and passwords, newsletter database, phone statements, bank statements, and similar records and accounts). We have the right to access the Proprietary Software used by your Business to determine, among other things, sales activity and Franchisee Income. We also have the right, at any time, to have an independent audit made of your records but no more frequently than 2 times a year, provided you are not in default. If an inspection reveals that any financial information reported to us (including Franchisee Income or payments owed to us) has been understated in any report to us, you must immediately pay to us, upon demand, the amount understated in addition to interest at the lesser of 18% per annum or the highest rate permitted by law beginning from the time the required payment was due. If any inspection discloses an understatement of 2% or more of Franchisee Income you must, in addition, reimburse us for the expenses for the inspection (including accounting, auditors' and attorneys' fees and costs). In addition, we reserve the right to require that all your future year-end financial statements be audited by an independent certified public accountant approved by us or deemed acceptable by us, at your expense. These remedies are in addition to any other remedies we have under this Agreement or under applicable law. If the audit discloses an overpayment in any amount you paid to us, we shall promptly pay you the amount of the overpayment or offset the overpayment against any amounts owed to us.

**Section 8.4 Your Name, Address and Telephone Number.** You agree to the disclosure of your name, address and telephone number. You shall notify us of any change in your name, address and telephone number within 10 days of the change. You release us and our officers, directors, stockholders, agents and legal successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands, in law or in equity, that you ever had, now have, or that you later may have, from our disclosure of your name, address and telephone number.

**ARTICLE 9  
INSURANCE**

**Section 9.1 Types and Amounts of Coverage.** You agree, at all times during the Term, to maintain at your expense insurance policies with coverages we designate or approve as meeting or exceeding our System Standards. We currently require you to obtain a comprehensive general liability insurance policy insuring you and us against any liability occurring in connection with the operation of your Business and the indemnity in this Agreement by you of us with coverage limits of \$1,000,000 (on a multiple occurrence basis) and a deductible no greater than \$5,000. You agree that each policy must name us as an additional insured and provide that it shall not terminate, expire or be modified prior to 30 days following written notice to us. Each policy must be issued by an insurer satisfactory to us, and you shall deliver to us a certificate of insurance certifying the existence of the coverage insuring us and that it may not be terminated or modified and will not expire except after 30 days following notice to us. You agree that if you fail to furnish the certificate to us, we may obtain insurance and you agree to pay us the cost thereof. If we elect not to obtain insurance for you, we can elect to declare that there has been a breach of this Agreement.

**Section 9.2 Evidence Of Insurance.** At least: (i) 30 days before the date any construction for the Site begins; (ii) 10 days from the Effective Date if the Site is constructed and presently owned or leased by you; or (iii) 10 days after a lease of the Site is signed, whichever is applicable, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these requirements and a paid receipt showing the policy number. The certificate of insurance must include a statement by the insurer that the policy shall not be canceled, subject to nonrenewal, or materially altered without at least 30 days' written notice to us. Copies of all insurance policies and proof of payment will be submitted promptly to us upon our request. You shall send to us current certificates of insurance and copies of all insurance policies on an annual basis.

**Section 9.3 Waiver of Subrogation.** The parties agree that, for any loss that is covered by insurance then being carried by them, their respective insurance companies have no right of subrogation against the other.

**Section 9.4 Effect of Our Insurance.** Your obligation to maintain the policies in the amounts required is not limited by reason of any insurance we maintain, nor will our performance of your obligations relieve you of liability under the indemnity provisions in this Agreement.

**Section 9.5 Failure to Maintain Insurance.** If you fail to obtain and maintain the insurance required by this Agreement, we have the right and authority (without any obligation to do so) immediately to procure the insurance on your behalf and to charge you the cost to obtain and/or maintain the insurance, plus interest at the maximum rate permitted by law and a fee in the amount of \$2,500, to cover our expenses in so acting. You agree to pay all such fees and expenses immediately upon notice.

**Section 9.6 Group Insurance.** If we make available to you insurance coverage through group or master policies we arrange, including property and casualty, workers' compensation, liability and health, life and disability insurance, you may participate, at your expense, in this group insurance program.

**ARTICLE 10  
TRANSFER OF INTEREST**

**Section 10.1 Transfer by Us.** We have the right to assign this Agreement to any person without your consent.

**Section 10.2 Transfer by You.**

(a) **Personal Rights.** You agree that, unless otherwise expressly permitted by this ARTICLE, you shall not sell, assign, transfer, convey or give voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise (collectively a "transfer") any direct or indirect interest in this Agreement, your Business, a major portion of your Business assets, or the agreements relating to businesses listed for sale, without our written consent.

However, our written consent is not required for: (i) a transfer of less than a 5% interest in a publicly held Business Entity; or (ii) a transfer of all or any part of any interest in you (if you are a Business Entity) to one of the other original shareholders or partners. A transfer of 20% or more of the voting or ownership interests in your Business Entity, individually or in the aggregate, directly or indirectly, is, for all purposes of this Agreement, considered a transfer of an interest in this Agreement by you. Any purported transfer by you, by operation of law or otherwise, in violation of this Agreement, is void and is an event of default.

(b) **Transfer to Your Business Entity.** This Agreement may be assigned to a corporation, limited liability company or other legal entity (a “**Business Entity**”) in which you own a majority of the issued and outstanding capital stock or other form of ownership interest if:

(i) You or a Manager approved by us actively manages the Business Entity and continues to devote his or her best efforts and full and exclusive time to the day-to-day operation of your Business. You shall advise us of the name of the Manager and the Manager shall meet our standards including training;

(ii) The Business Entity cannot use the Marks in any derivative or form in its corporate name;

(iii) An authorized officer, partner or member, as applicable, of the Business Entity signs a document in a form we approve, agreeing to become a party bound by all the provisions of this Agreement; and

(iv) All stock certificates and any other form of ownership representing shares or other form of ownership bear a legend that they are subject to this Agreement.

You understand that, if you transfer this Agreement to a Business Entity, you remain personally liable for all the monetary and non-monetary obligations under this Agreement.

(c) **No Subfranchising Rights.** You have no right to grant a subfranchise or to open or operate multiple locations within the Territory.

(d) **No Encumbrance of Franchise Right and Controlling Interest.** You may not encumber your interest in this Agreement nor encumber a controlling interest in a Business Entity, if this Agreement is assigned to a Business Entity, without our consent. You agree that your rights under this Agreement and any voting or ownership interest of 20% or more in you (or any Franchise Owner) may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered without our written consent.

(e) **“For Sale” Restrictions.** You shall not permit to be placed upon the Site a “Business For Sale” or “For Sale” sign, or any sign of a similar nature or purpose, nor in any manner use the IP to advertise the sale of your Business or the sale or lease of the Site. These prohibitions apply to any activities under a listing agreement that you may enter into with a real estate or business broker. If you desire to sell your Business, we or our assignee have the non-exclusive right to attempt to sell it on your behalf. If we find an acceptable purchaser to whom you will sell on terms acceptable to you, you will pay us, in addition to the Transfer Fee, a commission equal to 2½% of the gross sales price at the closing of the sale.

(f) **Permitted Transfer.** We shall consent to a transfer of this Agreement if the following requirements are satisfied or waived by us in our sole discretion:

(i) We have not exercised our right of first refusal as provided in Section 10.5;

(ii) You are not in default of any term of this Agreement or any other agreement between you and us;

(iii) We interview the transferee and he or she demonstrates to our reasonable satisfaction that he or she has the business and personal skills, reputation and financial capacity we require;

(iv) The transferee satisfactorily completes our application procedures for new franchisees;

(v) The transferee demonstrates to our reasonable satisfaction that he or she has properly assumed your obligations including an assumption of the lease, if the Site is leased. You shall remain liable for all obligations to us under this Agreement before the effective date of the transfer and shall sign all instruments we reasonably request to evidence these liabilities;

(vi) At the transferee's expense, the transferee or transferee's Manager completes Initial Training then in effect for new franchisees upon all terms, as we reasonably require;

(vii) The transferee signs our then current form of Franchise Agreement, the terms of which may be materially different than this Agreement, and which will provide for a new 20-year term;

(viii) you shall pay us a transfer fee equal to \$25,000; provided that, if the transferee(s) or assignee(s) is a current franchise prospect of ours (meaning the transferee(s) or assignee(s) has been in separate contact with us prior to contacting you, has received our then-current franchise disclosure document and has a bona fide interest or desire to purchase a VR® franchise) then the transfer fee shall be equal to our then-current Initial Franchise Fee;

(ix) You and all your officers, directors and shareholders have signed and delivered a general release in a form we prescribe releasing us, our subsidiaries and affiliates from any claims against us, our subsidiaries and affiliates and our and their respective officers, directors, agents and employees;

(x) You and all your officers, directors and shareholders shall agree to be bound by all post-termination restrictive covenants, including non-competition, non-solicitation, non-disclosure and similar covenants after the effective date of the transfer;

(xi) You and the transferee fully comply with all of our requests for information and you provide to us your year-to-date financial statements for the period ending within 7 days of the transfer, we satisfactorily audit or review, to the extent we designate, your books, and we receive a copy of the final form of purchase / transfer agreements at least 48 hours prior to closing; and

(xii) The transferee carries out our required upgrading, repairs and improvements to the Site and its equipment in order to conform with our then-current standards and specifications for a VR® Office.

You and each of your owners are not released or relieved of any continuing obligation of confidentiality and non-competition under this Agreement as the result of a transfer or our consent to a transfer. The consent to a transfer by us is subject to the condition subsequent that the assignee (or an approved designee of assignee) completes the training to our satisfaction and if the training is not so completed the transfer is null and void.

Our consent to a transfer is not a waiver of any claims we may have against you, nor is it a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer (even if we approve such transfer) relieves you of liability for your conduct before or after the transfer, including conduct in breach of this Agreement.

**Section 10.3 Transfer Upon Divorce or Partnership Dissolution.** If this Agreement is in the name of two persons who are husband and wife or two or more persons who are partners as franchisees, this Section describes the policies to be applied upon divorce or dissolution of the partnership. During the period when a divorce or partnership dissolution action is pending, you must adopt one of the following methods of operation:

(a) If one of the parties is willing to relinquish his or her right and interest in the Business, thereby leaving his or her spouse or partner to carry on the Business, he or she may do so by assigning the interest to the spouse or to his or her partner, provided the remaining spouse or partner has successfully completed Initial Training.

(b) If the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the Business jointly on a “business-as-usual” basis during the proceeding, they may do so.

(c) If the parties in a divorce action or in a partnership dissolution do not agree to operate under alternates (a) or (b) then they must make arrangements to have the Business operated by a third party as a Manager until the divorce or dissolution has been completed. The Manager must be approved by us and have satisfactorily completed Initial Training.

(d) Divorcing parties may, after a final order or judgment, continue to operate the Business in the form of a partnership or other Business Entity even though they are no longer husband and wife. In such a case, however, they must enter a formal agreement, which defines their respective rights and obligations, file a signed copy with us, assign this Agreement to the new entity, and comply with all other requirements for establishing the Business as a partnership or other business entity.

#### **Section 10.4 Transfer Upon Death Or Disability.**

(a) If you or the owner of a controlling interest in you become disabled from any cause and are unable to perform your or such owner’s obligations under this Agreement for a continuous period in excess of 3 consecutive months, your interest in this Agreement or such owner’s interest in you, as the case may be, must be transferred within 3 months after such disability to a third party approved by us. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time is grounds for termination of this Agreement under Section 11.4(m). Such transfers are subject to the same conditions of transfer set forth in Section 10.2(f). For purposes of this Agreement, any period of disability that is interrupted by a return to active work and proper performance of duties under this Agreement for 14 days or more will not be deemed continuous for purposes of determining disability.

(b) Upon your death or the death of the owner of a controlling interest in you, your interests in this Agreement or such owner’s interest in you, as the case may be, must be transferred within 12 months of such death to a third party approved by us. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time is grounds for termination of this Agreement under Section 11.4(m). Such transfers are subject to the same conditions of transfer set forth in Section 10.2(f).

(c) If, upon the death or disability of you or the owner of a controlling interest in you, the Office is not being managed by a trained manager, a qualified replacement, satisfactory to us, must be provided and maintained within 30 days after the date of such death or disability. Such replacement manager must satisfactorily complete, to our satisfaction, the initial training program within 60 days of being appointed. If a replacement is not provided or maintained as required, we may hire and maintain the replacement. You will compensate the replacement for his or her services at the rate we establish in our reasonable discretion.

**Section 10.5 Our Right of First Refusal.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held Business Entity, copies of the most current annual and quarterly reports filed under the Securities Exchange Act of 1934, as amended) and within 5 days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price shall be denominated in a dollar amount. The offer must apply only to an interest in you or in this

Agreement and the Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer shall be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the Business shall reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have not less than 30 days after giving notice of our election to purchase to prepare for closing; and

(d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they shall be bound by the non-competition covenants contained within this Agreement. You and your selling owner(s) further agree that you and they shall, during this same time period, abide by the restrictions of this Agreement.

If we do not exercise our right of first refusal, you or your selling owner(s) may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we shall have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

**Section 10.6 Your transfer of Listings to Another Franchisee.** Notwithstanding the other Sections of this ARTICLE, with our prior written consent, you may transfer listings on an individual and occasional basis if requested by the Client, but only to another Franchisee. We shall resolve any dispute between you and another Franchisee over the right to a Client, and our decision will be binding. You may not transfer any listings without our prior written approval. Your failure to comply with this Section constitutes a material event of default under this Agreement.

**ARTICLE 11  
DEFAULT AND TERMINATION**

**Section 11.1 Termination by You.** If you have fully complied with this Agreement and we breach a material term of this Agreement, you have the right to terminate this Agreement if we do not cure the breach within 60 days after we receive a written notice of default from you. However, if the breach cannot reasonably be cured within 60 days, you have the right to terminate this Agreement if, after our receipt of a written notice of default from you, we do not within 60 days undertake and continue efforts to cure the breach until completion. You may also terminate this Agreement upon the mutual written agreement with us. Any termination of this Agreement by you other than as stated above, is a wrongful termination by you.

**Section 11.2 Failure to Comply with System Standards.** If you fail to comply with and enforce our specifications and standards, then the following consequences are applicable:

(a) You shall pay all costs and expenses incurred by us if we have to intervene in order to enforce compliance with our specifications and standards which we designate or otherwise enforce our rights or your obligations under this Agreement;

(b) Where default is a failure by you to supervise and enforce compliance by one or more of your representatives, after written notice and 30 days in which to cure, then the Royalty Fees pertaining to the commissions and fees earned by each such representative shall be doubled for the next 3 transactions. For a second violation of the same manner, as deemed by us, the Royalty Fees shall be doubled for the next 6 transactions; and

(c) The parties agree that all such action taken and/or increases in Royalty Fees, as described in Subsection 11.2(b) represent a genuine attempt by the parties to pre-estimate the magnitude of such damages for noncompliance with our specifications and standards, which are the essence of this Agreement. You acknowledge that the Franchise is granted to you based upon your obligation to maintain and enforce our specifications and standards within the Territory and to supervise all representatives operating in the Territory in that regard.

**Section 11.3 Termination by Us – Without Notice.**

(a) Subject to applicable law, this Agreement may, at our option, automatically terminate without notice to you or your having an opportunity to cure on the date of the occurrence of any of the following events of default: if you make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or a petition is filed against or consented to by you and the petition is not dismissed within 45 days; you are adjudicated as bankrupt; a bill in equity or other proceeding for the appointment of your receiver or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under federal or any state law is begun by or against you; a final judgment in excess of \$25,000 remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); execution is levied against your operation or property, or suit to foreclose any lien or mortgage against the Site or your assets is begun against you and not dismissed within 45 days; or a substantial portion of your real or personal property used in your Business is sold after levy by any sheriff, marshal or constable.

(b) You shall notify us within 3 days of the occurrence of any of the events described in Subsection 11.3(a).

**Section 11.4 Termination by Us – After Notice.** We may, at our option, terminate all rights granted to you under this Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, upon the occurrence of any of the following Events of Default:

(a) If you cease to do business at the Site for more than 14 days in any calendar year or for more than 7 consecutive days, or lose the right to possession of the Site or otherwise forfeit the right to do or transact business in the jurisdiction where your Business is located;

(b) If you are convicted of misleading advertising or any other sales-related statutory offense pertaining to your Business, or enjoined from or ordered to cease operating your Business by reason of dishonest, illegal or unethical conduct;

(c) If you have your business license or any other license, permit or registration pertaining to your Business or the Site suspended for just cause or canceled and not reinstated or reissued within 10 days;

(d) If you, or your officer, director, owner or managerial employee are convicted of a felony, a crime of moral turpitude or any other crime or offense that we reasonably believe is likely to have a material adverse effect on the VR System, Marketing System, Marks, IP, goodwill associated with the Marks or IP, or our interest in any of the Marks or IP, unless you immediately and legally terminate such officer, director, owner or managerial employee;

(e) If you deny us the right to inspect your Business or to audit your records, including records of your transactions with your customers/clients;

(f) If you engage in conduct that is harmful to, or reflects unfavorably on, you or the VR System in that the conduct exhibits a reckless disregard for the physical or mental well being of employees, Clients, our representatives or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse, or other forms of threatening, outrageous or unacceptable behavior as determined in our sole discretion;

(g) If you, contrary to this Agreement, purport to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in a Business Entity which owns your Business), or under any listing agreement, assignment of sale or similar agreement, without our written consent;

(h) If any breach occurs under this Agreement concerning confidentiality and non-competition covenants;

(i) If you knowingly maintain false records, or knowingly submit any false reports to us;

(j) If you misuse or make any unauthorized use of the IP or otherwise materially impair the goodwill associated with the IP or our rights in the IP;

(k) If you unilaterally repudiate this Agreement or the performance or observance of any of the terms and conditions of this Agreement by word or conduct evidencing your intention to no longer comply with or be bound by this Agreement;

(l) If we determine that you have misrepresented any information or knowingly or repeatedly provided false information: (i) on your application for a franchise, (ii) in any materials you are required to provide to us, (iii) to any other VR® business or (iv) to the general public in a manner that reflects, or could reflect, negatively on your Business or the System.

(m) In the event of your death or disability, or the death or disability of any owner, this Agreement or such owner's interest in you is not assigned as required under Section 10.2; or

(n) If you relocate your VR® Office without our prior approval.

(o) If you fail to maintain any standards or procedures contained in any of our Manuals, memos, communications or notices that we have disseminated or published.

**Section 11.5 Termination by Us – After Notice and Right to Cure.**

(a) Except as otherwise provided above, you have 30 days after delivery from us of a written Notice of Default specifying the nature of the default to remedy any default and provide evidence of cure satisfactory to us. If any default is not cured within that time, or any longer time as applicable law may require, an event of default has occurred by you and all your rights under this Agreement terminate without additional notice to you effective immediately upon the expiration of the 30 days or any longer time as applicable law may require. In addition to the events of default specified in Sections 11.3 and 11.4, an event of default by you occurs if you fail to comply with any of the requirements imposed by this Agreement, as it may be revised or supplemented by the Manuals, or to carry out this Agreement in good faith. You have the burden of proving that you properly and timely cured any default, to the extent a cure is permitted under this Agreement.

(b) During a cure period, we reserve the right to refuse to provide services to you.

**Section 11.6 Liquidated Damages.**

(a) If this Agreement ends before its expiration for any reason other than termination in strict accordance with Section 11.1 above, then you will pay to us, within 15 days after the effective date of such termination, in addition to any other amounts owed to us, liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the sum of: (1) the Royalty Fees you would have paid on the product of: (i) your Business's average monthly Franchisee Income during the Measurement Period, times (ii) the number of months remaining in the Term prior to termination; and (2)  $\frac{2}{3}$  of the System Fees and TMF that would otherwise have been due for the remainder of the Term. The term "Measurement Period" means, at Franchisor's option: (1) the 12 months of operation preceding the effective date of termination; or (2) the 12 months of operation preceding and including the date of the most recent closing for the sale of a business in which Franchisee acted as a broker.

(b) The parties acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from the termination of this Agreement before its expiration and the loss of cash flow from the Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been the remaining term. You and we both agree that this liquidated damages provision is a reasonable, good faith pre-estimate of those damages.

(c) The liquidated damages provision only covers our damages from the loss of future Royalty Fees and is not intended to liquidate any damages arising from any Royalty Fees that are past due at the time of termination or any other damages or amounts due to us or for which we may be entitled. You and we both agree that this liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the loss of future Royalty Fees.

**ARTICLE 12  
YOUR OBLIGATIONS UPON TERMINATION  
DUE TO YOUR DEFAULT OR ON NONRENEWAL**

Upon the termination or expiration of this Agreement for any reason, the Sections of this ARTICLE apply to the rights and obligations of the parties.

**Section 12.1 Elimination Of Territory.** In lieu of termination of this Agreement, the Territory may, at our option, become non-exclusive or the exclusive Territory granted by this Agreement may be reduced by such amount as we determine in our sole and absolute discretion and specify by written notice to you, and we have the right to own, operate or franchise other Offices within the non-exclusive or former Territory.

**Section 12.2 Cease Operations.** Upon termination or expiration of this Agreement for any reason, you will immediately cease to operate your Business. You will not, directly or indirectly, at any time or in any manner, use any of the IP or represent yourself as a present or former franchisee of us or in any other way affiliate yourself with

the VR System. You will immediately cease using the VR System, Marks and IP, and all stationery, signage and other materials containing our Marks or other IP. You must cease using the URL and Internet addresses used for your Business and immediately cause these URL and Internet addresses to be transferred to us.

**Section 12.3 Payment of Outstanding Amounts.** Upon termination or expiration of this Agreement for any reason, we may retain all fees paid under this Agreement except for refunds expressly required in this Agreement. In addition, within 10 days after the effective date of the termination or expiration or any later dates as we determine that amounts are due to us, you must pay to us all Ongoing Fees and any other amounts owed to us which are then unpaid.

**Section 12.4 Discontinuance of Use of Trade Name and Dissolve Business Entity.** Upon termination or expiration of this Agreement for any reason, you will cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation of our trademark, trade name or service mark. You will also dissolve your Business Entity even if the name does not include our Marks or IP, and you will cease to use the former name of your Business Entity, or any trade name, fictitious name, or colorable imitation thereof, previously used in connection with your Business, regardless of whether such name contains our Marks or IP. You will furnish us with evidence of compliance with these obligations within 30 days after termination or expiration of this Agreement. If you fail to do so, you appoint us as your attorney-in-fact to do so.

**Section 12.5 Transfer of Listing Agreements.** You acknowledge that, upon termination or expiration of this Agreement for any reason (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration), we have the sole rights to and interest in all Listing Agreements, Engagement Agreements, Marketing Agreements and Assignment to Sell Agreements (collectively, “**Listing Agreements**”) associated with your Business in accordance with the Conditional Assignment of Listing Agreements set forth in Exhibit C attached to our FDD. If you fail to assign any Listing Agreement to us, you must immediately pay to us the entire commission payable under the Listing Agreement when the transaction subject to the Listing Agreement is consummated. In connection with the Listing Agreement, you agree and acknowledge that all information related to Customers and Clients of the Business is our Confidential Information and, as such, is assigned to us automatically upon termination or expiration of this Agreement. You will fully cooperate in providing to us any such Customer and Client data, information, notes, and other related materials, at least 90 days prior to expiration of this Agreement, or in any event, promptly upon termination or expiration of this Agreement. This obligation is in addition to, and is not intended to limit, our rights, and your obligations, set forth in Article 8.

If you fail to comply fully with this Section 12.5, you will be liable to us for all commissions that would have been paid to us under the Listing Agreements that should have been assigned to us but for your breach. This remedy is in addition any other remedy available to us under this Agreement, or otherwise at law or in equity, related to your breach of this Section 12.5.

**Section 12.6 Transfer Of Telephone Numbers and Listings.** In connection with your Business under the Franchise Agreement, you will obtain telephone numbers, facsimile numbers, pager numbers, mobile or wireless and all telephone listings with the local telephone company and directories under the Marks we designate (the “**Telephone Numbers and Directory Listings**”). You agree that upon termination or expiration of this Agreement for any reason (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration), you will immediately cease using all Telephone Numbers and Directory Listings for your Business used at any time before termination or expiration, and empower us to take whatever actions are necessary to comply with this Section. You acknowledge that, upon termination or expiration of this Agreement, we have the sole rights to and interest in all Telephone Numbers and Directory Listings associated with your Business in accordance with the Conditional Assignment of Telephone Numbers and Listings set forth in Exhibit D attached to our FDD. You will take all necessary steps to disassociate all telephone and fax numbers. You must ensure that our Marks are eliminated from all of your and your agent’s directory listings and advertising upon termination or expiration.

We strongly recommend that you do not use any personal phone numbers in connection with the Business. The Conditional Assignment of Telephone Numbers And Directory Listings attached as Exhibit D to the FDD requires that

you assign to us all Telephone Numbers and Directory Listings used in the operation of the Business, including any personal numbers. You agree and acknowledge that if you use any personal phone numbers in connection with the Business, you will be required to assign those personal phone numbers to us upon termination or expiration of this Agreement.

**Section 12.7 Transfer of Domain Names, Social Media Identities and E-Mail Addresses.** In connection with your Business under the Franchise Agreement, we may (i) register and assign you certain domain names, social media accounts and similar accounts, and e-mail addresses for your use in the development and operation of your VR® franchise; and/or (ii) permit you, with prior approval of the Franchisor, to obtain certain domain names, social media accounts and similar accounts, and e-mail addresses that contain our Marks or any of our other IP; and/or (iii) permit you, with prior approval of the Franchisor, to obtain certain domain names, social media accounts and similar accounts, and e-mail address that do not contain our Marks or any of our other IP that you may use in your Business (collectively, the “**Domain Names, Social Media Identities and E-Mail Addresses**”). Upon termination or expiration of this Agreement for any reason (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration), you will immediately cease using all Domain Names, Social Media Identities and E-mail Addresses for your Business that were in use at any time before termination or expiration, and empower us to take whatever actions are necessary to comply with this Section. You acknowledge that, upon termination or expiration of this Agreement, we have the sole rights to and interest in all Domain Names, Social Media Identities and E-Mail Addresses associated with your Business in accordance with the Conditional Assignment of Domain Names, Social Media Identities and E-Mail Addresses set forth in Exhibit E attached to our FDD.

**Section 12.8 Distinguishing Operations.** If we do not have or do not exercise an option to purchase the Business and you desire to remain in possession of the Site and operate a noncompetitive business, you must promptly and at your own expense make all modifications or alterations to the Site immediately upon termination or expiration of this Agreement as necessary to distinguish the appearance of the Site from that of other Businesses operating under the VR System, so as to prevent confusion by the public. You must, within 30 days, dissolve and liquidate the Business Entity that operates the Business and must not use any trade names or entity names to identify any other business organization that is the same or similar to the Business Entity name or our Marks or that incorporates "VR" or "Valued Representation" in any way. After dissolution of your Business Entity, you must not form another entity using a name that contains any of the words found in the Business Entity name; or that could be considered confusingly similar to the Business Entity, VR, KLA, King or Lombardi.

**Section 12.9 Unfair Competition.** You agree, if you continue to operate or later begin to operate any other business after termination or expiration of this Agreement, not to use any reproduction or colorable imitation of the IP, forms, methods of operation or undertake any other conduct either in any other business or the promotion of any other business, that is likely to cause confusion, mistake or deception, or that is likely to dilute our rights in and to the IP. In addition, you agree not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with us. This Section does not relieve, directly or indirectly, your obligations under ARTICLE 13.

**Section 12.10 Return of Materials.** You agree that, upon termination or expiration of this Agreement for any reason, you will immediately deliver to us all tangible IP in your possession or control, and all copies and any other forms of reproductions of these materials, including anything downloaded from our Website through normal channels or member services. You agree that all these materials are our exclusive property.

**Section 12.11 Our Purchase Rights of Items Bearing IP.** We have the option (but not the obligation) to exercise by notice of intent to do so within 30 days after the termination or expiration of this Agreement for any reason, to purchase any items bearing the IP owned by you including signs, advertising materials, supplies, inventory or other items at a price equal to the lesser of your cost or fair market value.

**Section 12.12 Return of Confidential Information, IP and other Materials.** You agree that, upon termination or expiration of this Agreement for any reason (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration), you will immediately cease to use any of our Confidential Information and IP

in any business or otherwise, and return to us all copies of the Manuals and any other confidential materials that we have loaned to you. We may provide you with a list of IP, Confidential Information, Listing Agreements, Telephone Numbers and Directory Listings, Domain Names, Social Media Identities and E-Mail Addresses, and other materials, information and accounts to either destroy or turn over to us (including by providing access to facilities or computer systems), which list may set forth timelines for such destruction and/or turnover; and if we do so, you must strictly comply with such list. Our providing a specific list of IP, Confidential Information, Listing Agreements, Telephone Numbers and Directory Listings, Domain Names, Social Media Identities and E-Mail Addresses, and other materials to turnover to us or destroy is for the purpose of facilitating a smooth and orderly transition of the Business upon termination or expiration of this Agreement, and will not limit your general obligation to turnover or destroy such property and materials in accordance with this Article 12, any assignment executed in accordance with this Article 12, or otherwise under this Agreement.

**Section 12.13 Equitable Remedies.** You agree and acknowledge that any breach of this Article 12 is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. You agree that upon your breach or threatened breach of any of the terms of this Article 12, we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement. We are entitled to seek this relief without the posting of any bond or security or, if a bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 is a sufficient bond.

## ARTICLE 13 YOUR INDEPENDENT COVENANTS

### **Section 13.1 Diversion Of Business; Competition And Interference With Us.**

(a) ***Covenant Not to Compete.*** You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among the franchisees within the VR System if franchisees were permitted to hold interests in, or perform services for, any Competitive Business (defined below). You acknowledge that we have granted a franchise for a VR<sup>®</sup> Office to you in consideration of and reliance upon your agreement to deal exclusively with us.

(i) ***In-Term.*** You covenant that, during the Term, except as we otherwise expressly approve in writing, neither you nor your owners (nor any of your or your owners' immediate family members) will, directly or indirectly:

A. Solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or any VR<sup>®</sup> Office, or to compete against us or any VR<sup>®</sup> Office;

B. As an owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity be connected with the ownership, management, operation, control or conduct of a Competitive Business, wherever located (this restriction shall not apply to a 5% or less beneficial interest in a publicly-held corporation); or

C. Interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any of our franchisees.

(ii) ***Post-Term.*** You also covenant that, for a period of 24 months commencing on the effective date of the termination, expiration, non-renewal or transfer of this Agreement, neither you nor any of your owners (nor your or your owners' immediate family members) shall, except as we otherwise expressly approve in writing, directly or indirectly:

A. Solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its business relationship with us or any VR® Office, or to compete against us or any VR® Office;

B. As an owner, officer, director, employee, agent, lender, broker, consultant, franchisee or in any other capacity be connected with the ownership, management, operation, control, conduct, or providing the services of a Competitive Business (a) within the state in which your Site is located; (b) at the Site; (c) within 40 miles of the Site; (d) within the former Territory; (e) within 40 miles of any other VR® Office then in operation (this restriction shall not apply to a 5% or less beneficial interest in a publicly-held corporation); or (f) within 40 miles of a city or territory where we are actively marketing the sale of a VR® franchised business or have documented bona fide consideration for developing future VR® franchised businesses; or

C. Interfere with, disturb, disrupt, decrease or otherwise jeopardize our business or the business of any of our franchisees.

If any person restricted by this Section 13.1(a) refuses voluntarily to comply with the foregoing obligations, the 24 month period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. If you violate this Section 13.1(a) and compete with us, we have the right to require that all sales made by the Competitive Business be reported to us. As liquidated damages for breach of this Section 13.1(a), you must pay to us: a fee of \$5,000 per week for the first 8 weeks that you are in violation of this Section 13.1(a), and a fee of \$10,000 per week for each week thereafter that you are in violation of this Section 13.1(a), in each case without being deemed to revive or modify this Agreement. You acknowledge that, pursuant to this Agreement, we are providing you with access to the System, including training, platforms, marketing materials and other value. You further acknowledge that the System would be materially harmed, and it would not be viable for us to provide this value to you, if franchisees were permitted to compete with VR® offices. As such, the payments described in this paragraph represent a reasonable estimate of the damage we, and the System, would incur from your violation of the covenant not to compete, which damage would be difficult to prove in the event of a breach. Therefore, you and we agree that these payments are liquidated damages and are not a penalty for breach.

(b) **Definition of a Competitive Business.** For purposes of this Agreement, “**Competitive Business**” means any business or facility (other than a VR® Office that you operate under a Franchise Agreement with us) that owns, operates or manages, or grants franchises, licenses or other similar rights to do so, any endeavor that:

- (i) operates with the same or similar IP as the Business;
- (ii) performs business sales, brokerage, and/or intermediary services;
- (iii) shares or disperses leads of prospective sellers and buyers of businesses including accepting listings for businesses for sale and/or assisting buyers or potential buyers of same;
- (iv) engages in the business of buying, selling, or renting residential or commercial real property or otherwise participating in any real property investment opportunity; and/or
- (v) offers any other services then being offered by a VR® Office.

(c) **Non-Disparagement.** During the Term and for a period of 24 months commencing on the effective date of the termination, expiration, non-renewal or transfer of this Agreement, you agree not to disparage or otherwise make any derogatory comments or statements, directly or indirectly, orally or in writing (including via e-mail or any other form of communication), concerning the character or business practices of, or in any way tending to harm, us or our affiliates or our or their respective current and former shareholders, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and their successor and assigns.

(d) **Non-Solicitation.** For a period of 24 months commencing on the effective date of the termination, expiration, non-renewal or transfer of this Agreement, you shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any other VR® Office franchise or franchisee, employee, agent, customer or client to compete against, terminate or modify his, her or its business relationship with us, our affiliates, or our VR® office franchisees. If you are contacted by anyone in the VR® System (including any of our employees or agents, or any VR® franchisee, or any employee or agent of a VR® franchisee), you shall report the contact to us, including identifying the name of the individual who contacted you within 48 hours of the contact.

(e) **Reasonableness of Covenants.** You and your owners agree that the length of the term and geographical restrictions contained in this Section 13.1 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You and your owners agree that your full, uninhibited and faithful observance of each of the covenants in this Section 13.1 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants in this Section 13.1 will not impair your or their ability to obtain employment commensurate with your or their abilities and on terms fully acceptable to you or them, as applicable, or otherwise to obtain income required for the comfortable support of yourself and your family (or your owners and their families), and the satisfaction of your and their creditors. You agree that your special knowledge of the Business (and anyone acquiring this knowledge through you) would cause us and our franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our other franchisees.

(f) **Court Modification.** If any court finally holds that the time or territory or any other provision in this Section 13.1 is an unreasonable restriction upon you, you agree that the provisions of this Agreement are not rendered void, but apply as to time and territory or to any other extent as the court may judicially determine or indicate is a reasonable restriction under the circumstances involved.

**Section 13.2 Independent Covenants.** The parties agree that the covenants in this ARTICLE are independent of any other provision of this Agreement. You agree that the existence of any claim you may have against us or any of our affiliates, regardless of whether the claim is brought under this Agreement, is not a defense to our enforcement of these covenants.

## ARTICLE 14 INDEPENDENT CONTRACTOR, INDEMNIFICATION AND BUSINESS ORGANIZATION

**Section 14.1 Independent Status.** You are an independent contractor and unless expressly provided to the contrary, nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, affiliate or servant of the other party for any purpose. The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation for the other party, nor to incur any debt or other obligation in the other party's name. You shall take all affirmative action as we request to indicate that you are an independent contractor, including placing and maintaining a sign in a conspicuous place within the Site and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that your Business is independently owned and operated by you. The content of any sign and notice is subject to our written approval.

**Section 14.2 Indemnification.** You are responsible for all losses or damages from contractual liabilities to third persons arising from or in connection with the possession, ownership and operation of your Business and for all claims and demands for damages to property or for injury, illness or death of persons directly or indirectly resulting from your actions. You agree to indemnify us from all costs, losses and damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving the ownership or operation by you of your Business unless caused by our negligence or intentional misconduct. This indemnity obligation continues in full effect even after the expiration, transfer or termination of this Agreement. If you fail to assume the defense, we may defend the action in the manner we deem appropriate and you shall pay to us all costs, including attorneys' fees, that we incur in effecting the defense, in addition to any

sum that we may pay by reason of any settlement or judgment against us. Our right to indemnity under this Agreement arises and is valid regardless of any joint or concurrent liability that may be imposed on us by statute, ordinance, regulation or other law.

**Section 14.3 Business Organization.** If you are at any time a business organization (“**Business Entity**”) (like a corporation, limited liability company or partnership) you agree and represent that:

- (a) you are limited to the conduct of the Business and no other business operations;
- (b) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (c) your organizational or governing documents shall recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you shall bear a legend referring to the restrictions of this Agreement;
- (d) the Principal Owner's Statement shall completely and accurately describe all of your owners and their interests in you. A copy of our current form of Principal Owner's Statement is attached to the Franchise Disclosure Document;
- (e) you and your owners agree to revise the Principal Owner's Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval);
- (f) each of your owners during the term of this Agreement shall sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. If any Owner sells or withdraws from the Business Entity, it will not affect such Owner's obligations under the Principal Owner's Guaranty unless we otherwise agree in writing. A copy of our current form of Principal Owner's Guaranty is attached to the Franchise Disclosure Document; and
- (g) at our request, you shall furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

## ARTICLE 15 REPRESENTATIONS AND WARRANTIES

**Section 15.1 Our Representations.** We make the following representations and warranties to you that are true and correct upon the signing of this Agreement:

- (a) **Organization.** We are a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.
- (b) **Authorization.** We have the corporate power to sign, deliver, and carry out the terms of this Agreement. We have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by us and is our valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

**Section 15.2 Your Representations.** You make the following representations and warranties to us that are true and correct upon signing this Agreement and throughout the Term:

(a) **Authorization.** You have the power to sign, deliver, and carry out this Agreement. You have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by you and is your valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(b) **No Speculative Intent.** You are not obtaining this Business for speculative purposes and have no present intention to sell or transfer or attempt to sell or transfer any part of this Agreement or the Business.

(c) **True Copies.** Copies of all documents you are required to furnish to us, prior to and during your relationship with us must be, and you covenant that they are, correct copies of the documents, including all amendments or modifications, and contain no misleading or incorrect statements or material omissions. Your Principal Owners must sign and deliver to us our form of Principal Owner's Statement and Principal Owner's Guaranty attached to our FDD.

**Section 15.3 Receipt of Franchise Disclosure Document.** You agree that you received from us a Franchise Disclosure Document for the state where your Business will be located and your state of residence, with all exhibits and supplements to the Franchise Disclosure Document, on or before the first personal meeting with our representatives and at least 10 Business Days before: (a) signing this Agreement and any other agreement imposing a binding obligation on you; and (b) any payment by you of any consideration for the sale or proposed sale, of a Franchise.

**Section 15.4 Receipt of Completed Franchise Agreement.** You agree that you received from us a completed copy of this Agreement and all related agreements, containing all material terms, (except for the date, signatures and any minor matters not material to the agreements), with all blanks filled in, at least 5 Business Days before signing this Agreement.

**Section 15.5 Acknowledgment of Risk.** You agree to the following:

(a) YOUR SUCCESS IN OWNING AND OPERATING YOUR BUSINESS IS SPECULATIVE AND DEPENDS ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, YOUR INDEPENDENT BUSINESS ABILITY. NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY US OR ANY OF OUR EMPLOYEES, BROKERS OR REPRESENTATIVES, TO INDUCE YOU TO ENTER INTO THIS AGREEMENT EXCEPT AS INCLUDED IN THIS AGREEMENT. NO OFFICER, DIRECTOR, EMPLOYEE, BROKER OR OTHER REPRESENTATIVE IS AUTHORIZED TO DO OTHERWISE.

(b) YOU AGREE THAT IN ALL OF YOUR DEALINGS WITH US, OUR OFFICERS, DIRECTORS, EMPLOYEES, BROKERS (IF ANY) AND OTHER REPRESENTATIVES ACT ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. YOU AGREE THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN YOU AND ANY INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE ONLY BETWEEN YOU AND US.

(c) IN ADDITION, WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE THE BUSINESS IN THE JURISDICTION WHERE YOUR BUSINESS IS TO BE OPERATED. IT IS YOUR OBLIGATION TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION ENACTED BY, OR REGULATION OF, ANY GOVERNMENTAL BODY PREVENTS YOU FROM OPERATING YOUR BUSINESS, WE ARE NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY YOU OR TO RETURN ANY MONIES RECEIVED FROM YOU.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any

franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **ARTICLE 16 TERM**

**Section 16.1 Term.** The “**Term**” of this Agreement is 20 years from the Effective Date, unless sooner terminated under ARTICLE 11. The conditions to obtain a Successor Franchise (defined below) at the expiration of this Agreement are those stated in Section 16.2.

### **Section 16.2 Option To Obtain Successor Franchise.**

(a) **Renewal.** Subject to the conditions set forth in this Agreement, and upon the expiration of the Term, we grant you the right to enter into a successor franchise (a “**Successor Franchise**”) under a Successor Franchise Agreement for a term of 20 years upon the following conditions:

(i) You are not in default under any provision of this Agreement or any other agreement with us or our affiliates at the time of the right to exercise the renewal;

(ii) You shall give us written notice of exercise of the right to renew no earlier than 9 months, and no later than 6 months, before the expiration of the Term (the “**Notice of Exercise**”);

(iii) You agree to sign our then-current successor Franchise Agreement (a “**Successor Franchise Agreement**”), which may be materially different from this Agreement;

(iv) You and your owners agree to sign and deliver to us our then-current general release of any and all claims against us, our subsidiaries and affiliates, and our and their respective officers, directors, shareholders, agents and employees;

(v) In lieu of paying a Franchise Fee for the Successor Franchise Agreement, you pay us a Successor Fee equal to \$10,000;

(vi) You carry out our required upgrading, repairs and improvements to the Site and its equipment in order to conform with our then current standards and specifications; and

(vii) The continuance of the Business has not been determined to be unlawful by a regulatory body or court having jurisdiction thereof.

(b) **Our Right Not to Grant a Successor Franchise.** If you have not met all of the conditions stated in Subsection 16.2(a), we may elect not to enter into a Successor Franchise Agreement with you. If, within 5 days of notice from us that we have elected not to grant you a Successor Franchise Agreement, you request our permission for you to sell your Business, then through the remainder of the Term, we shall permit you to sell your Business subject to our right of first refusal in Section 10.5. This sale must comply with the provisions of Subsection 10.2(f) and all the other applicable terms of this Agreement prior to the expiration of the Term. During this period (but not exceeding the expiration of the Term), you must continue to operate your Business.

## **ARTICLE 17 DISPUTE RESOLUTION**

**Section 17.1 Mediation.** Except for the matters involving remedies in Section 17.3, for any dispute involving this Agreement, the disputing party shall submit the controversy or claim to non-binding mediation with the non-disputing party before the American Arbitration Association before the disputing party can file any demand for arbitration or a complaint. For any mediation, we shall present 3 options for mediators, and you shall select the

mediator among those 3 options. If you do not select a mediator within 30 days from among the options we provide, we shall select the mediator. The options from which the mediator is chosen must be comprised of persons knowledgeable in the franchise industry. Both parties shall sign a confidentiality agreement reasonably satisfactory to us. Mediation will be conducted by teleconference or, if mutually-agreed, in person at a mutually agreed upon location. The mediation session will not be less than 4 hours. Each party will bear his, her or its own costs for the mediation except the mediation fee and the fee for the mediator will be split equally. If a disputing party refuses to mediate the dispute, the disputing party cannot file any demand for arbitration or complaint relating to the matter in dispute. If the non-disputing party refuses to mediate, then the non-disputing party has waived mediation and the disputing party may immediately file a demand for arbitration or a complaint.

## **Section 17.2 Arbitration.**

(a) Except as specifically modified by this ARTICLE and except for the matters involving the remedies in Section 17.3, any controversy or claim under this Agreement, including any claim that this Agreement, or any part of this Agreement, is invalid, illegal or otherwise voidable or void, including any claim of fraud in the inducement, must be submitted on an individual basis (not as a class or group of claims by multiple franchisees) to arbitration, once mediation has been completed or waived, before the American Arbitration Association in accordance with its commercial arbitration rules, or any other mutually agreeable arbitration association by one arbitrator.

(b) The provisions of this Section are independent of any other covenant or provision of this Agreement. If a court of competent jurisdiction determines that any provisions are unlawful in any way, that court shall modify or interpret the provisions to the minimum extent necessary to have them comply with the law. All issues of the arbitrability or the enforcement of the agreement to arbitrate are governed by the United States Arbitration Act (9 U.S.C. §§ 1 *et seq.*) and the federal common law of arbitration.

(c) All parties who may be legally responsible agree to participate in the arbitration and all potential legal claims can be joined in the arbitration forum.

(d) The rules governing the conduct of the arbitration proceedings are consistent with generally prevailing standards of due process.

(e) The panel from which the arbitrator is chosen is comprised of persons knowledgeable in the franchise industry and who have demonstrated a capability for unbiased decision making consistent with the principles embodied in the Commercial Rules of the American Arbitration Association for appointment of neutral arbitrators.

(f) Limited discovery is allowed, consistent with Rule 10 of the Commercial Rules of the American Arbitration Association and pursuant to a discovery plan approved by the arbitrators.

(g) Actual hearing on the merits occurs within 6 months of the date of the filing of the arbitration proceeding.

(h) The arbitrator shall issue a reasoned written opinion on the merits within 30 days of the completion of the hearings on the merits.

(i) Judgment on an arbitration award may be entered in any court having competent jurisdiction and is binding, final and non-appealable. If any party to arbitration wishes to appeal any final award (there will be no appeal of interim awards or other interim relief), the party may appeal, within 30 days of the final award, to a 3-arbitrator panel appointed by the same organization that conducted the arbitration. The issues on appeal shall be limited to the proper application of the law to the facts found at the arbitration hearing and shall not include any trial de novo or other fact-finding function. The party requesting the appeal shall pay all expense charged by the arbitration appeal panel and/or arbitration organization in the appeal and must post any bond deemed appropriate

by the arbitration organization or arbitration appeal panel. In addition, a party requesting appeal that does not prevail on the appeal shall pay the other party's attorneys' fees and other costs of responding to the appeal.

(j) Before any arbitration proceeding takes place, either party may, at his, her or its respective option, elect to have the arbitrator conduct, in a separate proceeding before the actual arbitration, a preliminary hearing, at this hearing testimony and other evidence may be presented and briefs may be submitted, including a brief stating the then applicable statutory or common law methods of measuring damages in respect of the controversy or claim being arbitrated.

(k) This arbitration provision is self-executing and remains in full effect after the expiration, transfer or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against that party by default or otherwise.

### **Section 17.3 Exceptions to Mediation and Arbitration; Equitable Relief.**

(a) The obligation to mediate or arbitrate is not binding on either party for claims involving the IP; your obligations upon the termination, transfer or expiration of this Agreement; any encumbrances or transfers restricted under this Agreement concerning interests in your Business, your Business assets or this Agreement; matters involving actions that may impair the goodwill associated with the IP; matters involving claims of danger, health or safety involving you, the Staff, Clients or the public; or requests for restraining orders, injunctions or other procedures in a court of competent jurisdiction to obtain specific performance when deemed necessary by any court to preserve the status quo or prevent irreparable injury pending resolution by mediation or arbitration of the actual dispute between the parties.

(b) You recognize that your Business is intended to be 1 of a large number of businesses identified by the IP in selling the products and services associated with the IP to the public, and that the failure on the part of a single franchisee to comply with the terms of his or her franchise agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. You agree that upon your breach or threatened breach of any of the terms of this Agreement concerning any matters referenced in Subsection 17.3(a), we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement. We are entitled to seek this relief without the posting of any bond or security or, if a bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of \$1,000 is a sufficient bond.

**Section 17.4 Jurisdiction and Venue.** The parties irrevocably and unconditionally: (i) agree that any mediation, arbitration or suit, action or legal proceeding involving your Business or this Agreement will be conducted in the county where our principal place of business is then located or may be brought in the District Court of the United States, in the district where our principal place of business is then located or, if this court lacks jurisdiction, the courts of record of the state and county where our principal place of business is then located; (ii) consent to the jurisdiction of each court in any suit, action or proceeding; (iii) waive any objection that he, she or it may have to the laying of venue of any suit, action or proceeding in any of these courts; and (iv) agree that service of any court paper may be effected on the party by mail at the last known address, as provided in this Agreement, or in any other manner as may be provided under applicable laws or court rules in the state where our principal place of business is then located.

**Section 17.5 Enforcement Costs.** Each party shall bear his, her or its own costs for the mediation except the mediation fee and the fee for the mediator will be split equally. If any arbitration, legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any term of this Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to arbitration, appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled. Attorneys' fees include paralegal fees,

administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party. If we engage a collection agency or legal counsel for your failure to pay when due any monies owed under this Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur.

**Section 17.6 Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW (WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES), EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISE OWNER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

**Section 17.7 Limitations of Claims.** ALL CLAIMS, EXCEPT FOR MONIES DUE US UNDER THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION OR LEGAL OR ARBITRATION PROCEEDING IS FILED AND TIMELY SERVED UPON THE OPPOSING PARTY WITHIN 12 MONTHS FROM THE DATE THE CLAIMANT KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM, EXCEPT TO THE EXTENT ANY APPLICABLE LAW OR STATUTE PROVIDES FOR A SHORTER PERIOD OF TIME TO BRING A CLAIM, OR AS OTHERWISE REQUIRED BY LAW. IN ADDITION, YOU MUST GIVE US NOTICE OF ANY CLAIM WITHIN 30 DAYS OF THE TRANSACTION OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE CLAIM WILL BE FOREVER BARRED.

**Section 17.8 Waiver of Punitive Damages Claims.** THE PARTIES WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHT TO ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT UPON A DISPUTE BETWEEN THEM, EACH IS LIMITED TO THE RECOVERY OF ACTUAL DAMAGES HE, SHE OR IT SUSTAINS.

**Section 17.9 Waiver of Jury Trial.** THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY OF ALL CLAIMS BETWEEN THEM WHETHER EXISTING NOW OR IN THE FUTURE, INCLUDING ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS INVOLVING THE SALE, NEGOTIATION, SIGNING OR PERFORMANCE OF THE TRANSACTIONS INVOLVING THIS AGREEMENT.

**Section 17.10 Class Action Bar.** You and we agree that any proceeding will be conducted on an individual basis, and that any proceeding between us (or any of our affiliates) and you or your owners may not be: (i) conducted on a class-wide basis or as a collective action, (ii) consolidated with another proceeding between us and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between you and us, (iii) joined with any claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agency.

## ARTICLE 18 DEFINITIONS

**Section 18.1 Definitions.** All of the words or terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document.

As used in this Agreement, the Exhibits attached to this Agreement and any other document signed incidental to this Agreement and any exhibits to those documents, the following terms have the following meanings:

**“Business Associate”** means any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

**“Business Day”** means a day other than Saturday, Sunday or a U.S. national holiday. Any time period ending on a Saturday, Sunday or U.S. national holiday will be extended until 5:00 p.m. on the next Business Day.

**“Business Entity”** means a corporation, limited liability company, partnership or other legal entity.

**“Client”** or **“Customer”** means a person or business entity to whom the Franchisee is providing services (i.e., your customers).

**“Company Office”** means a VR® Office operated under the VR System and owned by us or our affiliates, if any.

**“Competitive Business”** means a business that is engaged, wholly or partially, in the business sales/brokerage/intermediary/consulting/business valuation and/or appraisal business or any other business in which we and our other franchisees are then engaged.

**“Confidential Information”** means all information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets, including without limitation, System Standards, data bases, marketing materials and strategies, Client and Customer lists, processes, business methods, techniques and the like. Confidential Information includes the Manuals, instruction programs, videocassettes, and computer programs.

**“FDD”** means our current Franchise Disclosure Document and all its exhibits and supplements.

**“Franchise”** means the rights granted to you under this Agreement.

**“Franchisee Income”** means total gross revenues, whether cash, credit or other property, related to the operations of the Business, including fees, sales and commissions (including commissions from the sale or lease of real estate related to a sale of a business, fees for the sale of businesses, fees related to other real estate sales or leases, lending relationships, loan brokerage, financing transactions and the like, fees and charges for valuations, consulting, appraisals and management, and referral fees from third parties), and all income from providing other services. This also includes any income run through your Business Entity and any income shown on tax returns and not reported to us.

**“Franchise Owner”** means: (i) if you are an individual, it means you; or (ii) if you are Business Entity, the individual who owns a majority of the voting and ownership interests in you.

**“Franchisee”** means you upon signing this Agreement, or another person who is a party with us under another Franchise Agreement.

**“Generally Accepted Accounting Principles”** means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. Generally accepted accounting principles derive, in order of importance, from: (i) issuances from an authoritative body designated by the American Institute of Certified Public Accountants (“AICPA”) Council; other AICPA issuances including AICPA Industry Guides; (ii) industry practice; and (iii) accounting literature in the form of books and articles.

**“IP”** means our intellectual property, including software, copyrights, trade secrets, confidential information, the VR Website and other Websites used in connection with the Business, Marks, Proprietary Software, goodwill, and System Standards.

**“Licensed Rights”** means a license only, upon the terms and conditions contained in this Agreement, to use the Marks, Marketing System, IP, copyrighted materials and goodwill.

**“Listing Agreements”** mean all listing agreements and assignment for sale agreements entered into by you, including marketing agreements, seller mandates, and any other form of agreement between your Business (including any representative or agent) and a Client or Customer with to sell all or part of a business.

**“Local Advertising”** means advertising and promotion you undertake in media directed primarily in your local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, search engine optimization, pay-per-click advertising, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display the IP, advertising on public vehicles including cabs and buses, the cost of producing materials necessary to participate in these media and agency commissions on the production of the advertising and amounts paid to an approved regional advertising cooperative or to a merchant's association for advertising where you are a member. Local Advertising does not include payments to the Fund nor payments for permanent on-Site signs, lighting, purchasing or maintaining vehicles even though the vehicles display in some manner the IP (except the cost of the materials displayed are included), contributions, sponsorships (unless the IP are prominently displayed by the group or activity receiving the contribution or sponsorship), premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included), employee incentive programs and other similar payments that we may determine in our sole discretion should not be included in determining whether you have met your obligation for Local Advertising.

**“Manager”** means the Franchise Owner, unless we otherwise agree in writing.

**“Manuals”** means all manuals produced by, or for the benefit of, us and loaned to you and any revisions prepared for the internal use of the Business relating to the operation and management of the Business. The Manuals may consist of printed text, computer files, other electronically stored or transmitted media (e.g., on-line), and video files.

**“Marks”** means the trademarks and service marks we designate from time to time, including VR®, VR BUSINESS BROKERS®, VR® BUSINESS SALES, VR MERGERS & ACQUISITIONS®, TODAY’S BUSINESS OWNER®, VR HAS SOLD MORE BUSINESSES IN THE WORLD THAN ANYONE®, VR SINCE 1979®, MVI®, MBI®, MOST VALUABLE INTERMEDIARY®, VR VALUED REPRESENTATION®, VALUED REPRESENTATION®, MASTER BUSINESS INTERMEDIARY ACADEMY®, and IT’S WHO WE ARE, IT’S WHAT WE DELIVER® and all other trademarks, service marks, trade names, logos and commercial symbols authorized by us as part of the System.

**“Notice of Default”** means the notices of an event of default described in Section 11.4 or Section 11.5.

**“Person”** includes any Business Entity, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

**“Principal”** means a person who owns at least a 10% equity interest in the Business Entity operating the Business.

**“Staff”** means your employees and independent contractors.

**“System Fee”** means the fee described in Subsection 3.1(b)(ii).

**“Target Market Database”** means a database of information, identifying a minimum of 2,500 businesses of the type sold by VR® Offices and most accessible to the Site, which you are required to acquire promptly following the commencement of your Business.

**ARTICLE 19  
GENERAL PROVISIONS**

**Section 19.1 Amendments.** Except as stated in this Agreement, the provisions of this Agreement cannot be amended, supplemented, waived or changed orally, except by a written document signed by the party against whom enforcement of any amendment, supplement, waiver or modification is sought and making specific reference to this Agreement. Only our President and CEO have the authority to sign an amendment for us. This Section is expressly limited by the terms of Sections 19.2 and 19.6.

**Section 19.2 Modification Of The System.** **YOU AGREE THAT AFTER THE EFFECTIVE DATE WE MAY MODIFY THE VR SYSTEM. YOU AGREE TO ACCEPT AND BE BOUND BY ANY MODIFICATIONS IN THE VR SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME OF SIGNING OF THIS AGREEMENT. YOU WILL MAKE ALL EXPENDITURES AND MODIFICATIONS OF THE VR SYSTEM, AS WE REQUIRE.**

**Section 19.3 Binding Effect.** The provisions of this Agreement are binding upon, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

**Section 19.4 Notices.** All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing (including telex and telegraphic communication) and must be (as elected by the person giving the notice) hand delivered by messenger or courier service, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to us:

Peter C. King, CEO or  
JoAnn Lombardi, President  
King Lombardi Acquisitions, Inc.  
2601 East Oakland Park Boulevard  
Suite 300  
Ft. Lauderdale, FL 33306

With a copy to:

Nicholas A. D’Amico  
Quarles & Brady LLP  
101 East Kennedy Boulevard  
Suite 3400  
Tampa, Florida 33602

If to you:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

or to any other address any party designates by notice complying with the terms of this Section. Each notice is deemed delivered: (a) on the date delivered if by personal delivery; (b) on the date of transmission with confirmed answer back if by telex, telefax or other telegraphic method, or by email; and (c) on the date the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable if mailed.

**Section 19.5 Headings.** The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement, and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

**Section 19.6 Severability.**

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only shall be inapplicable and omitted to the extent so contrary, prohibited or invalid, but the remainder of this Agreement shall not be invalidated

and shall be given full effect so far as possible. If any provision of this Agreement may be construed in two or more ways, one that would render the term invalid or otherwise voidable or unenforceable and another that would render the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If any applicable law of any jurisdiction requires a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or the taking of some other action not required under this Agreement, or if under any applicable law of any jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent required to be valid and enforceable. Any modification to this Agreement shall be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement will be enforced as originally made and entered into in all other jurisdictions.

**Section 19.7 Waivers.** The failure or delay of any party at any time to require performance by another party of any term of this Agreement, even if known, shall not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of any breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

**Section 19.8 Remedies Cumulative.** Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

**Section 19.9 Effectiveness; Counterparts.** This Agreement is not effective or binding and enforceable against us until it is accepted by us at our home office in Fort Lauderdale, Florida and signed by our CEO and by our President. You are advised not to incur any expenses for opening your Business until you have received a final signed copy of this Agreement from us. This Agreement may be signed in counterparts, each of which is deemed an original, but which together are the same instrument. Confirmation of signing by telex, telecopy, telefax, or email of a facsimile signature page, or signature by electronic signature software such as Adobe Sign or DocuSign, is binding upon any party to the confirmation.

**Section 19.10 Reasonableness.** We both agree to act reasonably in all dealings with each other pursuant to this Agreement. Whenever the consent or approval of either party is required or contemplated under this Agreement, the party whose consent is required agrees not to unreasonably withhold or delay the consent.

**Section 19.11 Survival.** All of the parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after the transfer, expiration or termination of this Agreement, until the obligations are satisfied or naturally expire.

**Section 19.12 Force Majeure.** Neither party is liable for loss or damage or is in breach of this Agreement if the failure to perform the obligations results solely from the following causes beyond his, her or its reasonable control, specifically: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) terrorism; or (c) strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

**Section 19.13 Third Parties.** Except as provided in this Agreement for any affiliates or other Businesses, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under this Agreement on any persons (including other Businesses) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement for our

designee, nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over or against any party to this Agreement.

**Section 19.14 Entire Agreement.** This Agreement, all Exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersedes any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this Agreement will disclaim or require you to waive reliance on any representations that we made in the most recent Disclosure Document (including its exhibits and amendments) that we delivered to you or your representatives, subject to any agreed-upon changes to the contract terms and conditions described in that Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).** This Agreement may only be amended by an instrument signed by both parties.

IN WITNESS WHEREOF, the parties have duly signed this Agreement.

**YOU or YOUR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**WE, US, OUR:**

**KING LOMBARDI ACQUISITIONS, INC.**

By: \_\_\_\_\_

JoAnn Lombardi, President & Chairwoman

By: \_\_\_\_\_

Peter C. King, CEO

**SCHEDULE A - DATES, SITE  
AND TERRITORY**

**DATES**

The Effective Date is \_\_\_\_\_.

The Franchisee is \_\_\_\_\_, a(n) \_\_\_\_\_.

The commencement date by which the Office must be open for business is \_\_\_\_\_.

The expiration date of this Agreement is \_\_\_\_\_.

First payment of the Royalty Fee is upon generation of any form of Franchisee Income.

Month of first payment of the System Fee is: \_\_\_\_\_.

Franchisee's Fiscal Year-End is: \_\_\_\_\_.

**PREMISES**

\_\_\_\_\_  
(Street)

\_\_\_\_\_  
(City, State, Zip)

**TERRITORY**

*[Check just one]*

Standard Territory: The Territory will be a 4-mile driving radius (approximately 50-square mile area), in which your Office is located in the center.

OR

Executive Territory: The Executive Territory will be a 2-mile driving radius (approximately a 12-square mile area), in which your Office is located in the center. *(Executive center or office space less than 1,200 square feet)*

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
County

**KING LOMBARDI ACQUISITIONS, INC.**

**FRANCHISEE:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE B – VALUE ROLL-OUT PROGRAM**

<b><i>Materials, Tools And Software</i></b>	<b><i>Cost</i></b>
Branded Word Press Franchisee Website	\$0
Customizable VR White Papers (24)	\$0
Customizable “Today’s Business Owner” Electronic Magazine	\$30
Valuation Software Package	\$0
VR Branding Package (Computer Bag, Padfolio, 2 Polo Shirts, and 2 Long Sleeve Shirts)	\$0
Conference / Meeting Package (1 Pull-up Sign, 1 Pull-up Table Top Sign, 1 Logo Table Cloth, 3 Presentation Stands)	\$0
Opening Stationary / Print Package (A selection on business cards, letterhead, envelopes, flyers, presentation brochures)	\$0
Training Meal Plan (One meal per day while attending training in Fort Lauderdale included)	\$0
Advisor / Agent Training (Once recruited by a franchisee, advisor / agent training is mandatory and is at no additional cost)	\$0
Customized Electronic Marketing Material Package	\$0
Business-for-Sale Website Program (subject to fee in the future)	\$0
Attending and Participating in a Functioning Office Sales and Training Meeting	\$0

**SCHEDULE C-1**  
**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No. Address	Franchisee E-mail

**Bank Account Information:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	<input type="checkbox"/> Checking <input type="checkbox"/> Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

**Authorization:**

Franchisee hereby authorizes King Lombardi Acquisitions, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

SCHEDULE C-2



**Credit Card Authorization Agreement**

Please complete and execute the VR Credit Card Authorization Agreement ("CCAA") and return to us.

You may change your Credit Card information at any time by contacting Claudia Prada at [corpaccounting@vrbb.com](mailto:corpaccounting@vrbb.com) and requesting a new CCAA.

We will need a copy of the front and back of the credit card you wish to use. It is your responsibility to keep your credit card information up to date and have a valid card on file during the term of the Franchise Agreement and 90 days after expiration, transfer, or termination. If transactions are declined or reversed, we reserve the right to charge our then current administrative fee to cover our expenses and time.

If we agree for you to use a Credit Card for the monthly System Fee, it will be automatically billed on the first business day of each month. In the case of Late Fees, they will be charged when appropriate per the Franchise Agreement, SMS Fee, Technology Management Fee, Royalties, Training Fees, or any other Fee associated with the VR business you agree will be charged when due. VR presently charges a convenience fee for the use of a credit card; Visa/Mastercard 3½% and American Express 4% of the amounts charged (VR reserves the right to adjust the convenience fee as deemed appropriate with written notice). This fee will be added to the total amount of each individual charge to the credit card.

I hereby acknowledge that the information below is valid and furthermore agree to the terms and conditions above by choosing to use a credit card when paying fees associated with the VR business.

Office # \_\_\_\_\_

Name of Cardholder to be billed: \_\_\_\_\_

Cardholder's Card Number: \_\_\_\_\_

Check one:                                     Visa     MasterCard     AmEx

Cardholder's Billing Address: \_\_\_\_\_  
(As shown on your statement)

\_\_\_\_\_  
\_\_\_\_\_

Cardholder's Phone Number: \_\_\_\_\_

Expiration Date on Card: \_\_\_\_\_

CV V2 (number on back of  
Card/last 3 digits) \_\_\_\_\_

Cardholder's Authorization  
Signature \_\_\_\_\_

Date: \_\_\_\_\_

Email Address (optional): \_\_\_\_\_

**EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**CONDITIONAL ASSIGNMENT OF LISTING AGREEMENTS**

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## CONDITIONAL ASSIGNMENT OF LISTING AGREEMENTS

THIS CONDITIONAL ASSIGNMENT (this "Assignment") is signed on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ ("you" or "your") in favor of King Lombardi Acquisitions, Inc. ("we," "us" or "our").

### BACKGROUND

A. You are a VR® Franchisee under that certain VR® Franchise Agreement dated the same day as this Agreement (the "**Franchise Agreement**"). Capitalized terms used in this Assignment but not otherwise defined will have the meaning given to them in the Franchise Agreement.

B. In connection with your Business under the Franchise Agreement, you will obtain listings of Clients' businesses for sale under Listing Agreements, Engagement Agreements, Marketing Agreements or Assignment to Sell Agreements (collectively, the "**Listing Agreements**").

The parties agree as follows:

### TERMS

1. Pursuant to the Franchise Agreement, you conditionally assign your interests as broker in all Listing Agreements now existing or hereafter entered into to us.

2. We will not exercise our rights under this Assignment until the Franchise Agreement is terminated or expires for any reason; except that, in anticipation of any such termination or expiration, we may exercise our rights set forth in Section 3 below leading up to the expiration or termination date of the Franchise Agreement.

3. You acknowledge that, upon termination or expiration of the Franchise Agreement for any reason, we have the sole rights to and interest in all Listing Agreements, Engagement Agreements, Marketing Agreements and Assignment to Sell Agreements (collectively, "**Listing Agreements**") associated with your Business in accordance with this Assignment. If you fail to assign any Listing Agreement to us, you must immediately pay us the entire commission payable under the Listing Agreement when the transaction subject to the Listing Agreement is consummated. In connection with the Listing Agreement, you agree and acknowledge that all information related to Customers and Clients of the Business is our Confidential Information and, as such, is assigned to us automatically upon termination or expiration of the Franchise Agreement. You will fully cooperate in providing us with any such Customer and Client data, information, notes, and other related materials, at least 90 days prior to the expiration of the Franchise Agreement. This obligation is in addition to, and not intended to limit, our rights, and your obligations set forth in the Franchise Agreement.

4. Upon termination or expiration of the Franchise Agreement, you, by signing this Assignment, assign your interests in all the Listing Agreements to us or our licensed assignee who becomes the broker of record. We have full power to notify each Client of the assignment. You agree and acknowledge that, as between you and us, upon termination or expiration of the Franchise Agreement for any reason, we will have the sole right to and interest in the Listing Agreements, including the right to collect 100% of all commissions and other fees and amounts due from each Client under each Listing Agreement.

5. You represent and warrant to us that:

- (a) You have full right and authority to conditionally assign the Listing Agreements; and
- (b) You will not assign the Listing Agreements to any other party.

**IN WITNESS WHEREOF**, you have signed this Assignment the day and year first written above.

YOU:

\_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged on the \_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, who was personally known to me or has provided \_\_\_\_\_ as identification.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

**EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS  
AND DIRECTORY LISTINGS**

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**CONDITIONAL ASSIGNMENT OF  
TELEPHONE NUMBERS AND DIRECTORY LISTINGS**

**THIS CONDITIONAL ASSIGNMENT** (this “Assignment”) is signed on \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ (“you” or “your”) in favor of King Lombardi Acquisitions, Inc. (“we,” “us” or “our”).

**BACKGROUND**

A. You are a VR® Office franchisee under that certain VR® Franchise Agreement dated the same day as this Agreement (the “Franchise Agreement”). Capitalized terms used in this Assignment but not otherwise defined will have the meaning given to them in the Franchise Agreement.

B. In connection with your Business under the Franchise Agreement, you will obtain telephone numbers, facsimile numbers, pager numbers, mobile or wireless and all telephone listings with the local telephone company and directories under the Marks we designate (the “Telephone Numbers and Directory Listings”). The Telephone Numbers and Directory Listings include any number and listings used in connection with your Business, regardless of whether such numbers were used for your personal use prior to your operation of the Business.

The parties agree as follows:

**TERMS**

1. Pursuant to the Franchise Agreement, you conditionally assign your Telephone Numbers and Directory Listings now existing or hereafter entered into to us. You agree that upon termination or expiration of the Franchise Agreement for any reason, you will immediately cease using all telephone numbers for your Business used at any time before termination or expiration and empower us to take whatever actions are necessary to comply with this Assignment and the Franchise Agreement. This could include you advising or acknowledging to your telephone and cellular provider that they are to allow the porting or transferring of all numbers to us, and you will perform this act no less than 90 days prior to expiration or termination of the Franchise Agreement, therefore transferring on the date of termination or expiration. You acknowledge that, upon termination or expiration of the Franchise Agreement, we have sole rights to and interest in all telephone numbers and directory listings associated with your Business in accordance with this Assignment and as set forth in the Franchise Agreement. You will take all necessary steps to disassociate all telephone numbers. You must ensure that our Marks are eliminated from all your and your agent’s directory listings and advertising, including social media accounts which passwords must be supplied to us therefore inuring ownership of such accounts to the benefit of VR, upon termination or expiration. We strongly recommend that you do not use any personal phone numbers in connection with the Business. This Assignment requires that you assign to us all phone numbers used in the operation of the Business, including any personal numbers. You agree and acknowledge that if you use any personal phone numbers in connection with the Business, you will be required to assign those personal numbers to us upon termination or expiration of the Franchise Agreement.

2. Except for actions to be taken prior to expiration or termination as set forth specifically in Section 1, above, we will not exercise our rights under this Assignment until the Franchise Agreement is terminated or expires for any reason.

3. Upon termination or expiration for any reason of the Franchise Agreement, you, by signing this Assignment, assign your interests in all the Telephone Numbers and Directory Listings to us or our licensed assigns. You acknowledge and agree that we have full power to notify each telephone company of the assignment and give them a copy of this Assignment.

4. You authorize the transfer the Telephone Numbers and Directory Listings to our name or our assignee and you will accept all further instructions from us concerning the telephone numbers and listings concerning reference of calls, transfer or termination of the telephone numbers and listings. We may direct the transfer to another VR® Office, whether franchised or company-owned, or may cause the telephone company to install a recorded message device which will notify third parties calling the telephone number that it no longer rings in a VR® Franchise office and that the caller should call a different number or numbers, if they wish to contact a VR® Office. We may further assign the Telephone Numbers and Directory Listings in our sole and absolute discretion.

5. You represent and warrant to us that:

(a) You have full right and authority to collaterally assign the Telephone Numbers and Directory Listings; and

(b) You will not assign the Telephone Numbers and Directory Listings to another other party.

**IN WITNESS WHEREOF**, you have signed this Assignment the day and year first written above.

YOU:

\_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged on the \_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, who was personally known to me or has provided \_\_\_\_\_ as identification.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_



**SCHEDULE A TO CONDITIONAL ASSIGNMENT OF  
TELEPHONE NUMBERS AND DIRECTORY LISTINGS**

**Porting Authorization Form**

The undersigned hereby authorizes King Lombardi Acquisitions Inc., VR Business Brokers DBA to act as the responsible organization for the following phone number to initiate transfer/porting to King Lombardi Acquisitions Inc. Verizon carrier.

Account number with your current provider:

\_\_\_\_\_

First and Last name:

\_\_\_\_\_

Company name:

\_\_\_\_\_

Address as it appears on the account with the current provider:

\_\_\_\_\_

Authorized Contact Name:

\_\_\_\_\_

Authorized Telephone Number:

\_\_\_\_\_

Phone number(s) to be ported:

\_\_\_\_\_

Pin Code:

\_\_\_\_\_

Authorized signature: \_\_\_\_\_

Date: \_\_\_\_\_

Attach to this form: The latest telephone carrier contract. (Your name, Address, Phone Numbers to be ported and Account number)

**EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**CONDITIONAL ASSIGNMENT OF DOMAIN NAMES, SOCIAL MEDIA IDENTITIES AND E-MAIL ADDRESSES**

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**CONDITIONAL ASSIGNMENT OF  
DOMAIN NAMES, SOCIAL MEDIA IDENTITIES AND E-MAIL ADDRESSES**

THIS **CONDITIONAL ASSIGNMENT** (this “**Assignment**”) is signed on \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_ (“**you**” or “**your**”) in favor of King Lombardi Acquisitions, Inc. (“**we**,” “**us**” or “**our**”).

**BACKGROUND**

A. You are a VR® Office franchisee of us under that certain VR® Franchise Agreement dated the same day as this Agreement (the “**Franchise Agreement**”). Capitalized terms used in this Assignment but not otherwise defined will have the meaning given to them in the Franchise Agreement.

B. In connection with your Business under the Franchise Agreement, we may (i) register and assign you certain domain names, social media accounts and similar accounts, and e-mail addresses for your use in the development and operation of your VR® franchise; and/or (ii) permit you, with prior approval of the Franchisor, to obtain certain domain names, social media accounts and similar accounts, and e-mail addresses that contain our Marks or any of our other IP; and/or (iii) permit you, with prior approval of the Franchisor, to obtain certain domain names, social media accounts and similar accounts, and e-mail address that do not contain our Marks or any of our other IP that you may use in your Business (collectively, the “**Domain Names, Social Media Identities and E-Mail Addresses**”). We reserve the right to require you to register any and all Domain Names, Social Media Identities and E-Mail Addresses in our name showing us as the sole owner of them. The registration and creation of any Domain Name or E-Mail Address without our prior approval is considered a default under this Assignment and the Franchise Agreement.

The parties agree as follows:

**TERMS**

1. Pursuant to the Franchise Agreement, you conditionally assign to us all of your Domain Names, Social Media Identities and E-Mail Addresses now existing or hereafter created. You must provide or turnover all passwords used to access the Domain Names, Social Media Identities and E-Mail Addresses promptly upon our request.

2. We may exercise our rights under this Agreement at any time for any reason. Upon termination or expiration of the Franchise Agreement for any reason (or, if applicable, as we may require, at least 90 days in advance of any anticipated termination or expiration), you will immediately cease using all Domain Names, Social Media Identities and E-Mail Addresses for your Business that were in use at any time before termination or expiration, turnover such Domain Names, Social Media Identities and E-Mail Addresses to us (including by providing passwords to us) and empower us to take whatever actions are necessary to comply with the Franchise Agreement. You acknowledge that, upon termination or expiration of the Franchise Agreement, we have the sole right to and interest in all Domain Names, Social Media Identities and E-Mail Addresses associated directly or indirectly with your Business in accordance with this Assignment and as set forth in the Franchise Agreement.

3. Without limiting the foregoing, upon the expiration or termination, for any reason, of the Franchise Agreement, by signing this Assignment, you automatically assign your interests in all the Domain Names, Social Media Identities and E-Mail Addresses to us. We have full power to notify each domain name Registry (the “**Registry**”) or internet service provider (“**ISP**”) of the assignment. We may further, at any time and for any reason, assign the Domain Names, Social Media Identities and E-Mail Addresses in our sole and absolute discretion.

4. You must, to the extent and in the manner we direct, also remove any reference to us or our IP on all personal websites within 5 business days of the termination or expiration of the Franchise Agreement.

5. You agree to pay all amounts that any Registry or ISP may require in connection with the transfer.

6. You grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the Domain Names, Social Media Identities and E-Mail Addresses, including signing any form that the Registry or ISP may require to effectuate the assignment. This Assignment is for the benefit of the Registry and ISP, and the Registry or ISP may accept this Assignment and our instructions as conclusive evidence of our rights in the Domain Names, Social Media Identities and E-Mail Addresses and our authority to direct the amendment, termination or transfer of the Domain Names, Social Media Identities and E-Mail Addresses, as if they had been originally issued to us. In addition, you agree to hold the Registry and ISP harmless from any claims against them arising out of any actions or instructions regarding the Domain Names, Social Media Identities and E-Mail Addresses.

7. You represent and warrant to us that:

(a) you have full right and authority to assign and/or collaterally assign the Domain Names, Social Media Identities and E-Mail Addresses; and

(b) you will not assign the Domain Names, Social Media Identities and E-Mail Addresses to any other party.

**IN WITNESS WHEREOF**, you have signed this Assignment the day and year first written above.

YOU:

\_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged on the \_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, who was personally known to me or has provided \_\_\_\_\_ as identification.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

**EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**FORM OF FRANCHISE COMPLIANCE CERTIFICATE**

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The Franchise Compliance Certificate is not applicable in the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

**DO NOT SIGN THIS COMPLIANCE CERTIFICATION IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IS TO BE OPERATED IN MARYLAND.**

**FRANCHISE COMPLIANCE CERTIFICATE**

As you know **KING LOMBARDI ACQUISITIONS, INC.** (“we” or “us” or “our”), and you are preparing to enter into a Franchise Agreement for the operation of a **VR® OFFICE** franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes\_\_ No\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
- Yes\_\_ No\_\_ 2. Did you receive the Franchise Agreement and each ancillary agreement, containing all material terms, at least 7 calendar days before signing any binding agreement with us or an affiliate? (This does not include any mutually agreed upon changes to any agreement.)
- Yes\_\_ No\_\_ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes\_\_ No\_\_ 4. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement, this Questionnaire, or any related agreement, or before paying any funds to us or an affiliate related to the franchise sale?
- Yes\_\_ No\_\_ 5. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes\_\_ No\_\_ 6. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes\_\_ No\_\_ 7. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes\_\_ No\_\_ 8. Have you discussed the benefits and risks of developing and operating a VR® Office franchise with an existing VR® Office franchisee?
- Yes\_\_ No\_\_ 9. Do you understand the risks of developing and operating a VR® Office franchise?
- Yes\_\_ No\_\_ 10. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?

- Yes\_\_ No\_\_ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated in Florida, if not resolved informally?
- Yes\_\_ No\_\_ 12. Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised VR® Office to open or consent to a transfer?
- Yes\_\_ No\_\_ 13. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a VR® Office franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 15. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a VR® Office franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the VR® Office, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

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

\_\_\_\_\_  
Franchise Applicant

\_\_\_\_\_  
Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

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**FINANCIAL STATEMENTS**

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**King Lombardi Acquisitions, Inc.**  
**DBA**  
**VR Business Sales/Mergers and Acquisitions**  
  
**Financial Statements**  
  
**As of December 31, 2024, and 2023**  
**And years ended December 31, 2024, 2023 and 2022**

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# Hinkle, Rhine & Root, LLC

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

2600 N.E. 14<sup>TH</sup> STREET CAUSEWAY  
POMPANO BEACH, FLORIDA 33062-8224  
954-941-2312 – FAX 954-941-0777

525 NE 3RD AVENUE, SUITE 102  
DELRAY BEACH, FLORIDA 33444  
561-314-2201 – FAX 561-314-2204

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
King Lombardi Acquisitions, Inc.  
Oakland Park, Florida

### **Opinion**

We have audited the accompanying financial statements of King Lombardi Acquisitions, Inc. (a Delaware corporation), which comprise the balance sheets as of December 31, 2024 & 2023 and the related statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2024, 2023 & 2022, 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 King Lombardi Acquisitions, Inc. as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years ended December 31, 2024, 2023 & 2022 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 King Lombardi Acquisitions, 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 King Lombardi Acquisitions, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 King Lombardi Acquisitions, 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 King Lombardi Acquisitions 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.

*Hinkle, Rhine & Root, LLC*

Hinkle, Rhine & Root, LLC  
Pompano Beach, Florida  
April 3, 2025

**KING LOMBARDI ACQUISITIONS, INC.**  
**D/B/A VR Business Sales/Mergers and Acquisitions**  
**Balance Sheet**  
**December 31,**

<b>Assets</b>	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 639,881	\$ 537,380
Accounts Receivable (Less Allowance for Doubtful Accounts of \$25,988 and \$27,425)	76,398	54,690
Prepaid Expenses	23,272	7,327
<b>Total Current Assets</b>	739,551	599,397
<b>Property, Equipment, and Right of Use Assets</b>		
Property and Equipment including Right of Use Assets	507,563	581,453
Accumulated Depreciation	(52,855)	(61,526)
<b>Total Property, Equipment, and Right of Use Assets</b>	454,708	519,927
<b>Other Assets</b>		
Security Deposits	9,200	9,200
Intangible Assets (net of amortization)	3,638	9,347
<b>Total Other Assets</b>	12,838	18,547
<b>Total Assets</b>	<b>\$ 1,207,097</b>	<b>\$1,137,871</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accrued Expenses	\$ 77,176	\$ 49,534
Deferred Revenue	16,500	16,500
Leases Payable, Current Portion	87,698	81,840
Due to Stockholders	-	4,669
<b>Total Current Liabilities</b>	\$ 181,374	\$ 152,543
<b>Long-Term Liabilities</b>		
Financing Lease Payable, net of current portion	-	3,610
Operating Lease Payable, net of current portion	351,085	412,161
<b>Total Long-Term Liabilities</b>	351,085	415,771
<b>Stockholders' Equity</b>		
Common Stock, par value \$.01 per share 2,000 shares authorized, 100 issued and outstanding	1	1
Additional Paid-In Capital	25,966	25,966
Retained Earnings	648,671	543,590
<b>Total Stockholders' Equity</b>	\$ 674,638	\$ 569,557
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,207,097</b>	<b>\$1,137,871</b>

See Independent Auditor's Report and accompanying notes to the financial statements.

**KING LOMBARDI ACQUISITIONS, INC.**  
**D/B/A VR Business Sales/Mergers and Acquisitions**  
**Statement of Income**  
**For The Year Ended December 31,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>			
Royalties & System Fees	\$ 1,101,242	\$ 931,237	\$ 1,327,716
Franchise Fees	61,090	45,800	-
Other Revenues	130,024	17,549	9,723
<b>Net Revenues</b>	<u>1,292,356</u>	<u>994,586</u>	<u>1,337,439</u>
<b>Operating Expenses</b>			
Advertising, Promotion and Website Maintenance	123,748	100,886	100,291
Amortization & Depreciation	14,503	10,832	18,161
Bad Debts	125,763	23,125	23,080
Insurance	1,405	1,424	36,284
Interest	-	-	209
Office & Administrative Expenses	85,797	71,223	63,754
Officers' Compensation	405,000	429,000	364,000
Other Compensation and Payroll Taxes	140,548	127,766	113,546
Pension Expense	46,200	19,970	19,811
Professional Fees	99,082	100,943	90,722
Rent	104,468	79,940	99,683
Travel & Entertainment	30,761	28,316	32,725
<b>Total Operating Expenses</b>	<u>1,177,275</u>	<u>993,425</u>	<u>962,266</u>
<b>Operating Income (Loss)</b>	<u>115,081</u>	<u>1,161</u>	<u>375,173</u>
<b>Other Income</b>			
Cancellation of Debt Income and Employee Credits	-	-	108,245
<b>Net Income (Loss)</b>	<u>\$ 115,081</u>	<u>\$ 1,161</u>	<u>\$ 483,418</u>

See Independent Auditor's Report and accompanying notes to the financial statements.

**KING LOMBARDI ACQUISITIONS, INC.**  
**D/B/A VR Business Sales/Mergers and Acquisitions**  
**Statement Of Changes in Stockholders' Equity**  
**For The Years Ended December 31, 2024, 2023 and 2022**

	<u>Total</u>	<u>Retained Earnings</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital Common Stock</u>
Balance December 31, 2021	\$ 270,978	\$ 245,011	\$ 1	\$ 25,966
Net Income 2022	483,418	483,418		
Stockholder Distributions	<u>(125,000)</u>	<u>(125,000)</u>		
Balance December 31, 2022	\$ 629,396	\$ 603,429	\$ 1	\$ 25,966
Net Income (Loss) 2023	1,161	1,161		
Stockholder Distributions	<u>(61,000)</u>	<u>(61,000)</u>		
Balance December 31, 2023	\$ 569,557	\$ 543,590	\$ 1	\$ 25,966
Net Income (Loss) 2024	115,081	115,081		

**See Independent Auditor's Report and accompanying notes to the financial statements.**

**KING LOMBARDI ACQUISITIONS, INC.**  
**D/B/A VR Business Sales/Mergers and Acquisitions**  
**Statement of Cash Flows**  
**For The Year Ended December 31,**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows Provided By (Used By) Operating Activities:</b>			
Net Income	\$ 115,081	\$ 1,161	\$ 483,418
Adjustments to Reconcile Net Income to Net Cash Provided by (Used By) Operating Activities:			
Depreciation and Amortization	14,503	10,832	18,161
Bad Debts	125,763	23,125	23,080
Cancellation of Indebtedness Income	-	-	(108,245)
Deferred Rents - Right of Use Leases	(41,511)	27,028	42,199
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable - net	(21,708)	11,362	16,563
Decrease (Increase) in Prepaid Expenses	(15,945)	(7,327)	10,326
Increase (Decrease) in Accounts Payable/Accruals	27,642	(19,392)	(49,510)
Increase(Decrease) in Due to Stockholders	(4,669)	4,669	
<b>Total Adjustments to Net Income</b>	<b>84,075</b>	<b>50,297</b>	<b>(47,426)</b>
<b>Net Cash Provided By (Used By) Operating Activities</b>	<b>199,156</b>	<b>51,458</b>	<b>435,992</b>
<b>Cash Flows Provided By (Used By) Investing Activities:</b>			
(Purchases) Disposals of Property, Plant and Equipment	(1,647)	(887)	(7,890)
Increase(Decrease) in Obligations Under Capital Leases	(5,416)	15,336	
<b>Net Cash Provided By (Used By) Investing Activities</b>	<b>(7,063)</b>	<b>14,449</b>	<b>(7,890)</b>
<b>Cash Flows Used By Financing Activities:</b>			
Lease Financing Payments	(79,592)	(71,304)	(70,481)
Principal Payments on Debt	-	-	(35,000)
Stockholder Distributions	(10,000)	(61,000)	(125,000)
<b>Net Cash Used By Financing Activities</b>	<b>(89,592)</b>	<b>(132,304)</b>	<b>(230,481)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>102,501</b>	<b>(66,397)</b>	<b>197,621</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>537,380</b>	<b>603,777</b>	<b>406,156</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 639,881</b>	<b>\$ 537,380</b>	<b>\$ 603,777</b>

**Supplemental disclosures of cash flow information:**

**Accounting policy:** The corporation considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

**Interest:** During 2024, the corporation did not pay interest costs. For 2023, it paid \$-0- interest, and paid \$209 for interest in 2022.

Continued

**King Lombardi Acquisitions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 1 – Nature of the Company & Summary of Significant Accounting Policies**

**Corporate Organization** – King Lombardi Acquisitions, Inc. (“the Corporation” or “Company”) was incorporated in 1999 and is organized under the laws of the State of Delaware. The Company is in the business of providing franchising support in the form of branding services, marketing, and training. The Company is based in Fort Lauderdale, Florida. The Company has franchises in 18 US states. As of December 31, 2024, the Company has 32 active franchise agreements. The Company operates under the brand name VR Business Sales/Mergers and Acquisitions.

**Method of Accounting** – The Corporation uses the accrual method of accounting for financial statement and tax purposes.

**Corporate Income Taxes** – The Corporation is treated as an S-corporation for Federal income tax purposes. The Company does not pay federal or state income tax. The stockholders are taxed on their proportionate share of the Company’s net income. Therefore, no provision or liability for federal or state income taxes are reported in the financial statements.

**Property, Equipment and Depreciation** – The Corporation’s depreciable assets are depreciated over their estimated useful lives under various methods. Buildings and improvements are depreciated by the straight-line method using estimated lives of 15 to 40 years. Technical and other equipment is depreciated using various accelerated methods of depreciation with estimated lives of 5 to 10 years. Different depreciation methods are used for tax and book purposes. Depreciation expense for was approximately \$9,184, \$5,511 and \$18,161 for the years ended December 31, 2024, 2023 & 2022. Property and equipment consist of the following:

	<b>2024</b>	<b>2023</b>
Computer Equipment	\$ 29,677	\$ 51,802
Furniture & Fixtures	27,251	26,562
Office Equipment	15,436	14,478
Signs	4,426	4,426
Right of Use Assets	430,773	484,185
Accumulated Depreciation	(52,855)	(61,526)
Net Property & Equipment	\$ 454,708	\$ 519,927

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Revenues** – The Corporation’s revenues are recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Corporation’s performance obligations related to its revenues are satisfied when all material services or conditions relating to the revenues have been substantially performed or satisfied by the Company.

The Company enters into franchise agreements to provide franchisees with various marketing services, a centralized listing system and a limited non-exclusive right to utilize the Company’s registered names VR, VR Business Brokers, VR Business Sales, and VR Business Sales/Mergers and Acquisitions. The franchise agreements typically have ten-year terms with provisions allowing either party to terminate with 30-day notice prior to the contract anniversary date. Any initial franchise fees are non-refundable.

**King Lombardi Acquisitions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024**

The Company computes monthly royalty fees based on percentages of all franchisee income. Revenues are recorded as earned. Prepayments of royalty fees are reported as contract liabilities (deferred revenue) until the fees are earned. The Company charges and collects interest on late royalty payments.

Franchise agreements also provide for marketing, system and fund fees which are used by the Company for expenses associated with providing such services with include national marketing, media, advertising, central business listings, and technology services. The Company also collects software management fees ("SMS Fees") for use of the proprietary software.

**Accounts Receivable** – Accounts receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding revenues from franchisees. The Company treats uncollectible revenues as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Company's control. The balances of accounts receivable as of the beginning and end of the year 2024 were \$82,115 and \$102,386 respectively.

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by The Company that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

Management has established an allowance for certain receivables older than 90 to 120 days when appropriate. This allowance is monitored regularly and adjusted accordingly. Accounts receivables are written off against the allowance for doubtful accounts when the respective accounts are deemed not collectible. Late fees are charged on late customer balances per each franchise agreement. Serious collection efforts are not typically necessary but the Company involves an attorney when deemed necessary. After a careful review of the accounts receivable balances older than 90 to 120 days, management has established an allowance for doubtful accounts in the amount of \$25,988 as of the end of 2024.

**Advertising Costs** – Advertising costs are expensed as incurred. Total advertising costs were approximately \$53,289, \$41,558 and \$100,291 for the years ended December 31, 2024, 2023 and 2022, and have been shown as expenses in the Statement of Income.

**Franchise Rights** - The Company's franchise rights have been fully amortized on the straight-line basis over their useful life.

**Franchise Disclosure Document** – The Company's Franchise Disclosure Document dated October 9, 2023 is available upon request.

**Compensated Absences** – The Company provides for compensated absences based on service time worked by employees. Management has not made accruals for compensated absences as the amount is difficult to determine and not considered material to the accompanying financial statements.

**Foreign Operations** – The US dollar is the functional currency of the Company. The Company invoices franchisees located outside the United States in US dollars and generally receives

**King Lombardi Acquisitions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024**

payments in US dollars. When payments are received in other currencies, the Company may have exchange rate gains or losses.

**Note 2 – Contract Liabilities**

The Company recognizes revenue from customers as the related performance obligations are satisfied. A contract liability (revenues received in advance) is recorded when the Company has the right to receive payment in advance of the satisfaction of performance obligations related to its revenues. The balances of contract liabilities as of the beginning and end of the year were \$-0- and \$-0-, respectively.

**Note 3 – Fair Value of Financial Instruments**

Except for investments, corporate financial instruments which include cash, accounts receivable, accounts payable and debt are recorded at cost. These instruments are recorded at cost because there is no appreciable difference between cost and fair value of these instruments since all of the instruments have either a short maturity or an interest rate that approximates a current market rate. Investments if any are stated at fair market value with any unrealized gain or loss being reflected on the income statement as other comprehensive income or loss, as appropriate.

**Note 4 – Concentrations**

Credit is extended to customers of King Lombardi Acquisitions, Inc. by the management of the Corporation. The Corporation does not require collateral from its customers to which it extends credit. If all of its customers fail to pay in accordance with the terms of credit, King Lombardi Acquisitions, Inc. is at risk for its entire accounts receivable balance of approximately \$102,386 as of December 31, 2024.

King Lombardi Acquisitions, Inc. had deposits in its bank accounts that exceeded the Federal Deposit Insurance Corporation's insurance limit of \$250,000 by approximately \$370,000, \$276,000 and \$332,000 on December 31, 2024, 2023 and 2022. If the associated bank should become insolvent, King Lombardi Acquisitions, Inc. would be at risk for the entire excess cash balance.

**Note 5 – Intangible Assets**

The Company's amortization expense was \$5,319, \$5,319 and \$7,333 for the years ended December 31, 2024, 2023, and 2022. The master franchise license is full amortized, the website development costs are amortized straight line over a 5-year period. The Company's intangible assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Master Franchise License	\$ 619,077	\$ 619,077
Website Development	48,200	48,200
Accumulated Amortization	(663,249)	(657,930)
Net Intangible Assets	<u>\$ 4,028</u>	<u>\$ 9,347</u>

**Note 6 – Operating Leases and Contractual Agreements**

King Lombardi Acquisitions, Inc. has an operating lease for office space, storage and parking that is currently in effect and extends beyond year-end 2024. The lease was effective August 1, 2019, and calls for two five-year terms expiring on January 31, 2030. The lease payments are adjusted annually with a 3% increase over the base rent of \$67,743.

ASU No. 2016-02 provides guidance for lease accounting, the Company has elected to apply the practical expedient, which does not require contracts to be separated between lease components and non-lease components and future lease payments are recognized on the straight-line basis.

**King Lombardi Acquisitions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024**

The right of use asset associated with this operating lease is reflected in the property and equipment at its net present value and is amortized over the life of the lease.

Future minimum rental payments under operating leases having remaining terms in excess of 1 year as of December 31, 2024 are approximately as follows:

<u>Year</u>	<u>Rent</u>
2025	\$ 79,688
2026	82,080
2027	84,541
2028	87,078
2029	89,690
After	7,696
Total	<u>\$ 430,773</u>

Rent expenses were \$80,287, \$75,688 and \$99,683 for the years ended December 31, 2024, 2023, and 2022.

**Note 7 – Capital Leases**

The Company is the lessee of office equipment under two 36-month capital leases expiring in 2025. The equipment associated with these capital leases is recorded at the present value of minimum lease payments. The equipment is amortized over the related lease term(s). The leases provided for purchase options, which generally represent the fair value of the equipment at the expiration of the respective lease terms.

ASU No. 2016-02 provides guidance for lease accounting, the Company has elected to apply the practical expedient, which does not require contracts to be separated between lease components and non-lease components and future lease payments are recognized on the straight-line basis.

Future minimum lease payments under the capital leases as of December 31, 2024 for the remaining life of the leases and in the aggregate are \$8,010 which is due in 2025.

**Note 8 – Employee Benefit Plan**

The Company has a SIMPLE retirement plan and matches 100% of the employees' contributions up to a maximum of 3% of employee compensation. The matching contribution for 2024 was \$46,200 and an additional discretionary amount of \$30,000 was contributed to employees for the year ended December 31, 2024.

**Note 9 – Related Party Transactions**

The Company compensated stockholders and beneficial owners in the amount of \$405,000, \$429,000 and \$383,811 for the years ended December 31, 2024, 2023 and 2022.

The stockholders frequently make loans to the Company which are interest-free. At December 31, 2024, the Company owed the stockholders approximately \$0-.

In 2022, the Company executed a Franchise Agreement with VR International Merger & Acquisitions, Inc., a Florida corporation doing business in Wisconsin ("Franchisee"). The Franchisee is owned by stockholders of the Company. All franchise and operating fees have been waived because of the related ownership. The Franchisee is currently inactive.

**King Lombardi Acquisitions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note 10 – Commitments and Contingencies**

The Federal Trade Commission and other foreign jurisdictions regulate the sale of franchises. The FTC requires franchisors to make extensive disclosures to prospective franchisees but does not require registration. A number of states in which the Company operates require franchise registration or disclosure in connection with the franchise offers and sales. Several states have “franchise relationship laws”, or “business opportunity laws” that limit the ability of the franchisor to terminate franchise agreements or to withhold consent to renewal or transfer of these agreements. Several states have “franchise sales and excise tax laws”. However, the Company has not been materially affected by these regulations. We are unable to predict the effect of future regulations, legislation and/or state intervention.

**Note 11 – Date of Management Review**

In preparing the financial statements, management of the Corporation has evaluated events and transactions for potential recognition or disclosure through April 3, 2025, the date that the financial statements were available to be issued.

**THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.**

**KING LOMBARDI ACQUISITIONS, INC**  
**D/B/A VR Business Brokers**  
**Balance Sheet**  
**March 31, 2025**

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 638,663
Prepaid Expenses	15,500
Accounts Receivable	53,156
<b>Total Current Assets</b>	<u>707,319</u>

**Property, Equipment, and Right of use Assets**

Property and Equipment including Right of Use Assets	507,561
Accumulated Depreciation	(55,207)
<b>Total Property, Equipment, and Right of use Assets</b>	<u>452,354</u>

**Other Assets**

Security Deposit	9,200
Intangible Assets (net of amortization)	2,893
<b>Total Other Assets</b>	<u>12,093</u>

**Total Assets**

\$ 1,171,766

**Liabilities and Stockholders' Equity**

**Current Liabilities**

Accounts Payable & Accrued Expenses	\$ 27,881
Deferred Revenue	16,500
Leases Payable, Current Portion	87,305
	<u>131,686</u>

**Long Term Liabilities**

Operating Lease Payable, net of current portion	351,085
<b>Total Long Term Liabilities</b>	<u>351,085</u>

**Stockholders' Equity**

Common Stock, par value \$.01 per share	
2,000 share authorized, 100 issued and outstanding	1
Additional Paid-In Capital	25,966
Retained Earnings	663,028
<b>Total Stockholders' Equity</b>	<u>688,995</u>

**Total Liabilities and Stockholders' Equity**

\$ 1,171,766

**KING LOMBARDI ACQUISITIONS, INC**  
**D/B/A VR Business Brokers**  
**Statement of Income**  
**Three Months ended March 31, 2025**

**Revenues**

Royalties	\$	150,051
System Fees		80,725
Other Revenues		20,042
<b>Net Revenues</b>		<u>250,818</u>

**Operating Expenses**

Advertising, Promotion and Website Maintenance		33,010
Amortization & Depreciation		1,238
Insurance		265
Office & Administrative Expenses		21,748
Officers' Compensation		114,000
Other Compensation & Payroll tax		22,925
Professional Fees		18,219
Rent		24,907
Travel & Entertainment		147
<b>Total Operating Expenses</b>		<u>236,459</u>

**Operating Income** 14,359

**Net Income** \$ 14,359

**KING LOMBARDI ACQUISITIONS, INC**  
**D/B/A VR Business Brokers**  
**Statement of Changes in Stockholders' Equity**  
**Three Months ended March 31, 2025**

	Total	Retained Earnings	Common Stock	Additional Paid-In Capital common Stock
Balance December 31, 2024	<u>\$ 684,638</u>	<u>\$ 658,671</u>	<u>\$ 1</u>	<u>\$ 25,966</u>
Net Income 2025 to date	14,359	14,359		
Balance March 31, 2025	<u>\$ 698,997</u>	<u>\$ 673,030</u>	<u>\$ 1</u>	<u>\$ 25,966</u>

**EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**STATE SPECIFIC ADDENDA AND RIDERS**

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**VIRGINIA ADDENDA & RIDER**

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
KING LOMBARDI ACQUISITIONS, INC.  
STATE OF VIRGINIA**

The following is added to the disclosure document:

The Franchise Compliance Certificate is not applicable in Virginia.

Item 17(h) of the disclosure document is amended to add the following language:

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 franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

**RIDER TO  
KING LOMBARDI ACQUISITIONS, INC.  
FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

This Rider is entered into as of \_\_\_\_\_ (the “**Effective Date**”), between **King Lombardi Acquisitions, Inc.**, a Delaware corporation (“**we**,” “**us**” or “**our**”), whose principal place of business is 2601 East Oakland Park Boulevard, Suite 300, Ft. Lauderdale, FL 33306, and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**” or “**your**”), whose principal place of business is \_\_\_\_\_ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

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

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**“YOU”**

\_\_\_\_\_  
a(n) \_\_\_\_\_

**“WE”**

**King Lombardy Acquisitions, Inc.,**  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**STATE SPECIFIC BUSINESS BROKERAGE LAWS AND FRANCHISE SALES LAWS**

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The following State statutes may require you to achieve licensure and/or educational qualifications prior to you operating your VR Business in the state, and/or may regulate the manner in which you operate as a broker/intermediary in connection with the sale of businesses (and/or the real estate associated with them, if any). Also listed below are citations to state franchise sales laws.

<b>STATE</b>	<b>STATE STATUTES</b>
Alabama	<u>Alabama Real Estate Licensing Statute:</u> ALA. CODE § 34.27.1, <i>et. al.</i> (2005).
Alaska	<u>Alaska Real Estate Licensing Statute:</u> ALASKA STAT. § 08.88.161 (2005). <u>Alaska Business License Act:</u> ALASKA STAT. § 43.70.020 (2005).
Arizona	<u>Arizona Real Estate Licensing Statute:</u> ARIZ. REV. STAT. § 32-2122 (2005). (Definitions under ARIZ. REV. STAT. § 32-2101 (2005)).
Arkansas	<u>Arkansas Real Estate License Statutes:</u> ARK. CODE ANN. § 17.42.101, <i>et.al.</i> (2005).
California	<u>California Real Estate Licensing Statutes:</u> CAL. Business and Professions CODE §§ 10130; 10131 (2005). <u>California Franchise Investment Law:</u> CAL. Corp. Code, Div. 5, Parts 1-6; §§ 31000-31516 (2008).
Colorado	<u>Colorado Real Estate Licensing Statutes:</u> COLO. REV. STAT. §§ 12-61-101, 12-61-102 (2005).
Connecticut	<u>Connecticut Real Estate Licensing Statutes:</u> CONN. GEN. STAT. § 20.311, <i>et. al.</i> ( 2005).
Delaware	<u>Delaware Real Estate Licensing Statutes:</u> DEL. CODE ANN. tit. 24, § 2901, <i>et.al.</i> (2005).
Florida	<u>Florida Real Estate Licensing Statutes:</u> FLA. STAT. § 475.01, <i>et. al</i> (2005)
Georgia	<u>Georgia Real Estate Statutes:</u> GA. CODE ANN. §§ 43-40-1; 43-40-30 (2005)
Hawaii	<u>Hawaii Real Estate Licensing Statutes:</u> HAW. REV. STAT. §§467-1; 467-7 (2005). <u>Hawaii Franchise Investment Law:</u> HAW. REV. STAT. §§482E-1, <i>et. al.</i> (2005).
Idaho	<u>Idaho Real Estate Licensing Statutes:</u> IDAHO CODE §§ 54-2002; 54-2004 (2005)
Illinois	<u>The Franchise Disclosure Act:</u> 815 ILL. COMP. STAT. § 705/1, <i>et. al.</i> (2005); <u>The Illinois Business Brokerage Act:</u> 815 ILL. COMP. STAT. § 307/1, <i>et. al.</i> (2005); <u>Real Estate License Act of 2000:</u> 225 ILL. COMP. STAT. § 454 (2005).
Indiana	<u>Indiana's Real Estate Licensing Statute:</u> IND. CODE § 25-34.1-3-2 (2005) <u>Indiana Franchise Law:</u> IND.CODE, Title 23, Art.2, Chapter 2.5 §1-51 (2008).

<b>STATE</b>	<b>STATE STATUTES</b>
Iowa	<u>Iowa's Real Estate Licensing Statute</u> : IOWA CODE § 543B.1, <i>et. al.</i> (2005).
Kansas	<u>Kansas Real Estate Licensing Statutes</u> : KAN. STAT. ANN. § 58-3034, <i>et. Al.</i> (2005).
Kentucky	<u>Kentucky's Real Estate Licensing Statutes</u> : KY. REV. STAT. ANN. § 324.010, <i>et. al.</i> (2005).
Louisiana	<u>Real Estate Licensing Statute</u> : LA. REV. STAT. ANN. § 37:1431, <i>et. al.</i> (2005).
Maine	<u>Real Estate Licensing Statute</u> : ME. REV. STAT. ANN. tit 32 § 13001 (2005).
Maryland	<u>Maryland Real Estate Licensing Statutes</u> : MD. CODE ANN.§ 17-101; 17-301 (2005). <u>Maryland Registration and Disclosure Law</u> : MD. CODE ANN. §14-201-14-233 (2010).
Massachusetts	<u>Massachusetts Real Estate Licensing Statutes</u> : MASS. GEN. LAWS ch. 112, § 87PP (2005).
Michigan	<u>Real Estate Licensing Statutes</u> : MICH. STAT. ANN. § 339.25, <i>et. al.</i> (2005). <u>Michigan Franchise Investment Law</u> : MICH. COMP. Laws §445.1501-445.1545 (1989).
Minnesota	<u>Real Estate Licensing Statute</u> : MINN. STAT. §§ 82.17, 82.23 (2005). <u>Minnesota Franchise Law</u> : MINN. STAT. § 80C.01 - 80C22 (2006).
Mississippi	<u>Mississippi Real Estate Statutes</u> : MISS. CODE ANN. § 73-35-3, <i>et. al.</i> (2005).
Missouri	<u>Missouri Real Estate Licensing Statute</u> : MO. REV. STAT. § 339.010, <i>et. al.</i> (2005).
Montana	<u>Montana Real Estate License Statutes</u> : MONT. CODE ANN. § 37-51-101, <i>et. al.</i> (2005).
Nebraska	<u>Nebraska Real Estate License Act</u> : NEB. REV. STAT. § 81-885.01, <i>et. al.</i> (2005).
Nevada	<u>Nevada Real Estate Licensing Statutes</u> : NEV. REV. STAT. § 645.0005, <i>et. Al.</i> (2005)
New Hampshire	<u>New Hampshire Real Estate Practice Act</u> : N.H. REV. STAT. ANN. § 331-A:1, <i>et. al.</i> (2005)
New Jersey	<u>New Jersey Real Estate License Statutes</u> : N.J. STAT. ANN. § 45:15-1 (2005).
New Mexico	<u>New Mexico Real Estate Licensing Statutes</u> : N.M. STAT. ANN. § 61-29-1, <i>et. al.</i> (2005).
New York	<u>New York Franchise Law</u> : N.Y. GEN. BUS. LAW § 680, <i>et. al.</i> (2005). <u>New York Real Estate License Law</u> : N.Y. REAL PROP. LAW § 440, <i>et. al.</i> (2005).
North Carolina	<u>North Carolina Real Estate Licensing Statute</u> : N.C. GEN. STAT. § 93A-1, <i>et. al.</i> (2005).

<b><u>STATE</u></b>	<b><u>STATE STATUTES</u></b>
North Dakota	<u>North Dakota Real Estate Licensing Statutes</u> : N.D. CENT. CODE § 43-23-01, <i>et. al.</i> (2005). <u>North Dakota Franchise Investment Law</u> : N.D. CENT. CODE §51-19-01 - 51-19-17 (2001).
Ohio	<u>Ohio Real Estate Licensing Statute</u> : OHIO REV. CODE ANN. § 4735.01, <i>et. Al.</i> (2005).
Oklahoma	<u>Oklahoma Real Estate Licensing Code</u> : OKLA. STAT. tit. 59, § 858.101, <i>et. Al.</i> (2005).
Oregon	<u>Oregon Real Estate Licensing Statutes</u> : OR. REV. STAT. § 696.007, <i>et. Al.</i> (2005). <u>Oregon Franchise Transactions</u> : OR.REV.STAT. §650.005 - 650.085 (1995).
Pennsylvania	<u>Pennsylvania Real Estate Statutes</u> : PA. STAT. ANN. tit. 63 § 455.101, <i>et. Al.</i> (West 2005)
Rhode Island	<u>Rhode Island Department of Business Regulations Statutes</u> : R.I. GEN. LAWS § 42-14-12 (2005). <u>Rhode Island Real Estate Licensing Statutes</u> : R.I. GEN. LAWS § 42-14-12 (2005). <u>Rhode Island Franchise Statutes</u> : R.I. GEN. LAWS § 19-28.1-1, <i>et. al.</i> (2005).
South Carolina	<u>South Carolina Real Estate Statutes</u> : S.C. CODE ANN. § 40-57-5 (2005)
South Dakota	<u>South Dakota Real Estate Licensing Statutes</u> : S.D. CODIFIED LAWS § 36-21A-1, <i>et. al.</i> (2005). <u>South Dakota Franchise Investment Law</u> : S.D. CODIFIED LAWS §37-5B-1 - 37-5B-53 (2008).
Tennessee	<u>Tennessee Real Estate Licensing Statutes</u> : TENN. CODE ANN. § 62-13-101 (2005).
Texas	<u>Texas Real Estate Licensing Statutes</u> : TEX. OCC. CODE ANN. § 1101.01, <i>et. al.</i> (2005).
Utah	<u>Utah Real Estate Licensing Statutes</u> : UTAH CODE ANN. § 61-2-1, <i>et. Al.</i> (2005).
Vermont	<u>Vermont Real Estates Statutes</u> : VT. STAT. ANN. tit. 26, § 2211, <i>et. al.</i> (2005).
Virginia	<u>Virginia Real Estate Licensing Statutes</u> : VA. CODE ANN. § 54.1-2100, <i>et. al.</i> (2005). <u>Virginia Retail Franchising Act</u> : VA.CODE §13.1-557 - 13.1-574 (2009).
Washington	<u>Washington Franchise Investment Protection</u> : WASH. REV. CODE § 19.100.010, <i>et. al.</i> (2005). <u>Washington Real Estate Licensing Statutes</u> : WASH. REV. CODE § 18.85.010, <i>et. al.</i> (2005).
West Virginia	<u>West Virginia Real Estate Statutes</u> : W. VA. CODE § 30-40-1 (2005).
Wisconsin	<u>Wisconsin Real Estate Licensing Statutes</u> : WIS. STAT. ANN. § 452.01, <i>et. Al.</i> (2005). <u>Wisconsin Franchise Investment Law</u> : WIS. STAT. §553.01 - 553.78
Wyoming	<u>Wyoming Real Estate Statutes</u> : WYO. STAT. ANN. § 33-28-101, <i>et. al.</i> (2005).

The federal law regulating the sale of franchises is Federal Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising, 16 C.F.R. §436 (Jan. 22, 2007).

**EXHIBIT J TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBIT K TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**PRINCIPAL OWNER'S GUARANTY**

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**PRINCIPAL OWNER'S GUARANTY**

This Guaranty must be signed by the principal owners (referred to as "you" for purposes of this Guaranty only) of \_\_\_\_\_ (the "Business Entity") under the \_\_\_\_\_ Agreement (the "Agreement") dated \_\_\_\_\_ (the "Agreement Date") with **KING LOMBARDI ACQUISITIONS, INC.** ("us," or "our" or "we").

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; (e) your liability will not be diminished, relieved or otherwise affected by you Selling or withdrawing from the Business Entity, unless we otherwise agree in writing; and (f) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Broward County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

**PERCENTAGE OF OWNERSHIP  
INTEREST IN BUSINESS ENTITY**

**GUARANTORS**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

DATE \_\_\_\_\_

**EXHIBIT L TO THE FRANCHISE DISCLOSURE DOCUMENT**

---

**PRINCIPAL OWNER'S STATEMENT**

---

**PRINCIPAL OWNER'S STATEMENT**

This form must be completed by the Franchisee Entity ("**Franchisee**") if Franchisee has multiple owners or if Franchisee is owned by another/other business organization (such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to Franchisee.

1. **Form of Owner.** Franchisee is a (check one):

- (a) General Partnership
  - (b) Corporation
  - (c) Limited Partnership
  - (d) Limited Liability Company
  - (e) Other
- Specify: \_\_\_\_\_

2. **Business Entity.** Franchisee was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_ (date), under the laws of the State of \_\_\_\_\_. Franchisee has not conducted business under any name other than this corporation, limited liability company or partnership name and \_\_\_\_\_ (Entity Name) . The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) relative to Franchisee and their positions are listed below:

Name of Person	Position(s) Held

3. **Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

3. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization of Franchisee (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Owner's Statement is current and complete as of \_\_\_\_\_, 20\_\_.

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**OWNERS:**

**Individuals:**

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
*(Print Name)*

Date: \_\_\_\_\_

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
*(Print Name)*

Date: \_\_\_\_\_

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
*(Print Name)*

Date: \_\_\_\_\_

\_\_\_\_\_  
*(Signature)*

**Corporation, Limited Liability Company or Partnership:**

\_\_\_\_\_  
*(Name of Entity)*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*(Name of Entity)*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*(Name of Entity)*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*(Name of Entity)*

**EXHIBIT M-1 TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT FOR AGENTS**

---

## CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT FOR AGENTS

**THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT** (this “**Agreement**”) is entered into by \_\_\_\_\_ (the “**Disclosee**”) as of \_\_\_\_\_, 20\_\_\_\_ and is for the benefit of King Lombardi Acquisitions, Inc., the franchisor of VR® businesses (the “**Franchisor**”) and \_\_\_\_\_, a franchisee of the Franchisor (the “**VR Franchisee**”).

### BACKGROUND INFORMATION

- A. The Disclosee is a principal owner, employee or independent contractor of the VR Franchisee.
- B. The VR Franchisee is required under its Franchise Agreement with the Franchisor to require all of its principal owners, employees and independent contractors to agree to the confidentiality and non-disclosure provisions that the VR Franchisee is subject to under the Franchise Agreement.
- C. In consideration of the Disclosee’s employment with, or independent contractor relationship with, the VR Franchisee and as a material inducement for the VR Franchisee to disclose certain information to the Disclosee and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Disclosee agrees to be bound by the following representations, warranties and covenants, to be effective, unless expressly stated to the contrary, during and at all times after the Disclosee’s employment relationship or independent contractor relationship with the VR Franchisee.

### OPERATIVE PROVISIONS

The Disclosee agrees as follows:

1. The Disclosee may have received or been given access to, or will receive or be given access to, certain Confidential Information and trade secrets of the Franchisor, all relating to or useful in its VR® Business and all labeled, treated as, or otherwise considered by King Lombardi Acquisitions, Inc. as confidential or proprietary information (collectively, the “**Confidential Information**”). The Confidential Information includes the information, data, know how, techniques and procedures related to our business operations, Marketing Systems, Computer System and Manuals.
2. The Disclosee represents, warrants and agrees that at all times since the Disclosee’s original date of employment or engagement by the VR Franchisee, the Disclosee has kept, and will continue to keep, any and all of the Confidential Information from being made known or disclosed to any person or entity, except for the exclusive use and benefit of the VR Franchisee. The Disclosee will not reproduce, or permit the reproduction, directly or indirectly, of any of the Confidential Information except as required by the VR Franchisee, or permit the removal of, nor will the Disclosee remove, any of the Confidential Information from the business premises of the VR Franchisee.
3. The Confidential Information is the exclusive property of the Franchisor. Upon request by the VR Franchisee, and upon termination or expiration of the Disclosee’s employment or engagement by the VR Franchisee, the Disclosee will turn over to the VR Franchisee all documents or other materials in the Disclosee’s possession or under the Disclosee’s control which may contain or be derived from Confidential Information, together with all documents, notes, or other work product which is connected with or derived from the Disclosee’s services to the VR Franchisee. The Disclosee has no proprietary interest in any of the work product developed or used by the Disclosee and arising out of the Disclosee’s employment or engagement by the VR Franchisee. The Disclosee will, from time to time as may be requested by the VR Franchisee, do all things, which may be necessary to establish or document the VR Franchisee’s ownership of any such work product.
4. The Disclosee shall promptly provide notice to the VR Franchisee if the Disclosee knows of or suspects the disclosure of any Confidential Information by any person or entity, which disclosure would not be permitted if such person or entity were bound by the terms of this Agreement. Such notice must be signed by the Disclosee and reasonably describe the unpermitted disclosure.
5. During the term of employment with or engagement by the VR Franchisee, the Disclosee will communicate promptly to the VR Franchisee all inventions, discoveries, improvements, designs and all other information created or obtained during the time while the Disclosee was an employee or agent of the VR Franchisee, including all Confidential Information specifically prepared or invented by the Disclosee, with or without assistance, and regardless of whether during normal business hours of the Disclosee (collectively, “**Inventions**”). The Disclosee will assign all of the rights, title and interest in and to all Inventions to the VR Franchisee without any obligation on the part of the VR Franchisee to make any further compensation, royalty or payment to the Disclosee. All of such information remains the sole property of the VR Franchisee; provided, however, that the parties acknowledge and agree that Franchisor is the sole and exclusive owner of all rights, title and interest in and to the Confidential Information, including all Inventions under the terms of the Franchise Agreement between Franchisor and VR Franchisee.
6. The foregoing agreements of the Disclosee contained in this Agreement are deemed severable, and the invalidity of any provision will not affect the validity or enforceability of any other. The existence of any claim or cause of action by the Disclosee against the VR Franchisee predicated on this Agreement or otherwise, does not constitute a defense to the enforcement by the VR Franchisee of this Agreement. The VR Franchisee’s failure to object to any conduct in violation of this Agreement is not a waiver by the VR Franchisee, but the VR Franchisee may, if it wishes, specifically waive any part or all of those provisions to the extent that such waiver is set forth in writing duly authorized by the Board of Directors of the VR Franchisee.

7. This Agreement represents the entire understanding and agreement between the Disclosee and the VR Franchisee with respect to the subject matter of this Agreement, and supersedes all other understandings and representations, if any, made by and between the Disclosee and the VR Franchisee. No modification or waiver of any of the terms of this Agreement is effective unless made in writing and signed by the Disclosee and VR Franchisee. All of the terms of this Agreement are binding upon, inure to the benefit of, and are enforceable by the Disclosee and the VR Franchisee and their respective legal representatives, heirs, successors and assigns.

8. The Confidential Information is a unique and valuable asset of the VR Franchisee and the Franchisor. The VR Franchisee and the Franchisor will be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, upon a breach or threatened breach by the Disclosee of this Agreement, the VR Franchisee or the Franchisor are each separately entitled to injunctions restraining the breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance of this Agreement. Without limiting the jurisdiction or venue of any other federal or state court, the Disclosee irrevocably and unconditionally: (a) agrees that any legal proceeding relating to this Agreement may be brought in the federal or state courts in the county where the VR Franchisee's office is located; (b) consents to the jurisdiction of each such court; (c) waives any objection which the Disclosee may have to the laying of venue of any proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on the Disclosee by mail, or in such other manner as may be provided under applicable laws in the state where the VR Franchisee's office is located

9. If the VR Franchisee or the Franchisor prevails in any legal action or other proceeding brought for the enforcement of this Agreement, the VR Franchisee or the Franchisor is entitled to recover from the Disclosee reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including all such fees, costs and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in that action or proceeding. No remedy conferred in this Agreement upon the VR Franchisee or the Franchisor is intended to be exclusive of any other remedy. No single or partial exercise by the VR Franchisee or the Franchisor of any right, power or remedy precludes any other or further exercise of any right, power or remedy.

10. This Agreement shall be governed by the internal laws of the state in which the VR Franchisee's office is located without regard to principles of conflicts of laws.

11. **THE DISCLOSEE AND THE VR FRANCHISEE OR THE FRANCHISOR WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE AMONG THEM WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT RELATES.**

**THE DISCLOSEE REPRESENTS THAT THE DISCLOSEE HAS READ AND UNDERSTANDS THE TERMS OF THIS AGREEMENT AND AGREES TO BE BOUND BY THIS AGREEMENT.**

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

Disclosee:

\_\_\_\_\_  
\_\_\_\_\_

Print or Type Name

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT M-2 TO THE FRANCHISE DISCLOSURE DOCUMENT**

---

**CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT FOR OWNERS**

---

## CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT FOR OWNERS

THIS **CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT** (this "**Agreement**") is entered into by \_\_\_\_\_ (the "**Franchisee**"), \_\_\_\_\_, a resident of \_\_\_\_\_ ("**Individual**") and King Lombardi Acquisitions, Inc., (the "**Company**") (collectively, the "**Parties**") as of \_\_\_\_\_, 20\_\_.

WHEREAS, FRANCHISEE is a party to that certain franchise agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") by and between FRANCHISEE and COMPANY; and

WHEREAS, INDIVIDUAL is a principal owner of FRANCHISEE and desires to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, FRANCHISEE is required by the Franchise Agreement to have INDIVIDUAL execute this Agreement prior to providing INDIVIDUAL access to said Trade Secrets and other Confidential information; and

WHEREAS, INDIVIDUAL understands the necessity of not disclosing any such information to any other party or using such information to compete against COMPANY, or any other franchisee of COMPANY in any business (i) that offers or provides services or products the same as or similar to those provided by FRANCHISEE or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of COMPANY, any affiliate of COMPANY or COMPANY's other franchisees (hereinafter the "**Competitive Business**," as more particularly described below);

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties hereby mutually agree as follows:

### **1. Trade Secrets and Confidential Information**

INDIVIDUAL acknowledges and understands FRANCHISEE possesses and will possess Trade Secrets and other Confidential information that are important to its and COMPANY's business.

a) For the purposes of this Agreement, a "**Trade Secret**" is information in any form (including, but not limited to, materials and techniques, technical or nontechnical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, customer lists, passwords and lists of actual or potential customers or suppliers) related to or used in the development and/or operation of VR® Office franchises that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement, "**Confidential Information**" means technical and nontechnical information used in or related to the development and/or operation of VR® Office franchises that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the operating manual and training guides and materials. In addition, any other information identified as confidential when delivered by COMPANY to FRANCHISEE or INDIVIDUAL shall be deemed Confidential Information. Confidential Information also includes Listing Agreements, Engagement Agreements, Marketing Agreements and Assignment to Sell Agreements, and all information and data related to, and contained in, such agreements. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of INDIVIDUAL; (ii) INDIVIDUAL can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure by FRANCHISEE pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by COMPANY or FRANCHISEE as "**Trade Secrets**" or "**Confidential Information**" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve INDIVIDUAL of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. INDIVIDUAL understands COMPANY's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between INDIVIDUAL and COMPANY with respect to the Trade Secrets and other Confidential Information.

d) For purposes of this Agreement, "**Competitive Business**" means any business or facility (other than a VR® Office that you operate under a Franchise Agreement with us) that owns, operates or manages, or grants franchises, licenses or other similar rights to do so, any endeavor that: (i) operates with the same or similar IP as the Business; (ii) performs business sales, brokerage, and/or intermediary services; (iii) shares or disperses leads of prospective sellers and buyers of businesses including accepting listings for businesses for sale and/or assisting buyers or potential buyers of same; (iv) engages in the business of buying, selling, or renting residential or commercial real property or otherwise participating in any real property investment opportunity; and/or (v) offers any other services then being offered by a VR® Office.

### **2. Confidentiality/Non-Disclosure**

a) INDIVIDUAL shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of FRANCHISEE, now or at any time in the future, any Trade Secrets or other Confidential

Information. At all times from the date of this Agreement, INDIVIDUAL must take all steps reasonably necessary and/or requested by COMPANY to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. INDIVIDUAL must comply with all applicable policies, procedures and practices that COMPANY has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) INDIVIDUAL's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination or expiration of the Franchise Agreement or INDIVIDUAL's relationship with FRANCHISEE, regardless of the reason or reasons for termination or expiration, and whether such termination or expiration is voluntary or involuntary, and COMPANY is entitled to communicate INDIVIDUAL's obligations under this Agreement to any future customer or employer to the extent deemed necessary by COMPANY for protection of its rights hereunder and regardless of whether INDIVIDUAL or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a VR® Office business.

c) During the term of the Franchise Agreement and INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years thereafter, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any other VR® Office franchise or franchisee, employee, agent, customer or client to compete against, terminate or modify his, her or its business relationship with COMPANY.

### **3. Reasonableness of Restrictions**

INDIVIDUAL acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of COMPANY, and COMPANY's Trade Secrets and other Confidential Information, the COMPANY's business system, network of franchises and trade and service marks, and INDIVIDUAL waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then INDIVIDUAL shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

### **4. Miscellaneous**

a) This Agreement represents the entire understanding and agreement among the Parties with respect to the subject matter of this Agreement, and supersedes all other understandings and representations, if any, made by and among the Parties. No modification or waiver of any of the terms of this Agreement is effective unless made in writing and signed by the Parties. All of the terms of this Agreement are binding upon, inure to the benefit of, and are enforceable by the Parties and their respective legal representatives, heirs, successors and assigns.

8. The Confidential Information is a unique and valuable asset of the COMPANY. The COMPANY will be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, upon a breach or threatened breach by the INDIVIDUAL of this Agreement, the COMPANY is entitled to injunctions restraining the breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance of this Agreement. Without limiting the jurisdiction or venue of any other federal or state court, the INDIVIDUAL irrevocably and unconditionally: (a) agrees that any legal proceeding relating to this Agreement may be brought in the federal or state courts in the county where the COMPANY'S principal place of business is located; (b) consents to the jurisdiction of each such court; (c) waives any objection which the INDIVIDUAL may have to the laying of venue of any proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on the INDIVIDUAL by mail, or in such other manner as may be provided under applicable laws in the state where the COMPANY'S principal place of business is located.

9. If the COMPANY prevails in any legal action or other proceeding brought for the enforcement of this Agreement, the COMPANY is entitled to recover from the INDIVIDUAL reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including all such fees, costs and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in that action or proceeding. No remedy conferred in this Agreement upon the COMPANY is intended to be exclusive of any other remedy. No single or partial exercise by the COMPANY of any right, power or remedy precludes any other or further exercise of any right, power or remedy.

10. This Agreement shall be governed by the internal laws of the state of Florida without regard to principles of conflicts of laws.

**11. THE INDIVIDUAL AND THE FRANCHISEE OR THE COMPANY WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE AMONG THEM WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT RELATES.**

**THE INDIVIDUAL REPRESENTS THAT THE INDIVIDUAL HAS READ AND UNDERSTANDS THE TERMS OF THIS AGREEMENT AND AGREES TO BE BOUND BY THIS AGREEMENT.**

Witnesses:

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**Individual:**

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Print or Type Name

Address: \_\_\_\_\_

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**EXHIBIT N TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**STATE AGENCIES AND  
AGENTS FOR SERVICE OF PROCESS**

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Attached is a list of the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

Also listed are the names and addresses of the registered agents that we have appointed in those states, if any. If a state is not listed in that section, then we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed in the attached Exhibit "N" in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

**Agent for Service of Process in Florida:**

JoAnn Lombardi  
2601 East Oakland Park Boulevard, Suite 300  
Ft. Lauderdale, Florida 33306

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

<b>STATE</b>	<b>STATE REGULATORY AGENCY</b>	<b>AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY</b>
California	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	New York Department of Law Investor Protection Bureau of Franchise 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

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**EXHIBIT O**

**FORM OF RELEASE**

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**FORM OF RELEASE**

The following is our current general release form that we expect to include in a release that a franchisee, developer, and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

THIS RELEASE is given by \_\_\_\_\_. predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the “**Franchisee**”), to **KING LOMBARDI ACQUISITIONS, INC.** and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, the “**Franchisor**”).

Effective on the date of this Release, the Franchisee forever releases and discharges the Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which the Franchisee now has or ever had against the Franchisor, including without limitation, anything arising out of that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”), the franchise relationship between the Franchisee and the Franchisor, and any other relationships between the Franchisee and the Franchisor; except the Franchisor’s obligations under the \_\_\_\_\_ Agreement dated effective \_\_\_\_\_. This Release is effective for: (a) any and all claims and obligations, including those of which the Franchisee is not now aware; and (b) all claims the Franchisee has from anything which has happened up to now.

The Franchisee is bound by this Release. The Franchisee freely and voluntarily gives this Release to the Franchisor for good and valuable consideration and the Franchisee acknowledges its receipt and sufficiency.

The Franchisee represents and warrants to the Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective \_\_\_\_\_, notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned sign this Release:

\_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, who is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
My Commission Expires: \_\_\_\_\_

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**EXHIBIT P**

**STATE EFFECTIVE DATES**

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### State Effective Dates

The following states have franchise laws that require 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:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
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.

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**EXHIBIT Q**

**RECEIPTS**

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**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 King Lombardi Acquisitions, Inc. 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, the franchisor 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 first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If King Lombardi Acquisitions, 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 any applicable state agency (as listed in Exhibit "N" to this disclosure document).

The franchisor is King Lombardi Acquisitions, Inc., located at 2601 East Oakland Park Boulevard, Suite 300, Ft. Lauderdale, Florida 33306. Its telephone number is (954) 565-1555.

We authorize the respective state agencies identified on Exhibit "N" to receive service of process for us if we are registered in the particular state.

Issuance Date: June 10, 2025

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Peter C. King	2601 E. Oakland Park Blvd., Suite 300, Ft. Lauderdale, FL 33306	(954) 565-1555
JoAnn Lombardi	2601 E. Oakland Park Blvd., Suite 300, Ft. Lauderdale, FL 33306	(954) 565-1555
Jeffrey A. Kalil	12981 Maurer Drive, Suite 4, St. Louis, MO 63127	(314) 833-9207

I have received a disclosure document dated June 10, 2025 (the state effective dates are listed on the pages preceding the table of contents). This disclosure document included the following Exhibits:

- Exhibit A List Of Franchises
- Exhibit B Franchise Agreement
- Exhibit C Conditional Assignment Of Listing Agreements
- Exhibit D Conditional Assignment Of Telephone Numbers And Directory Listings
- Exhibit E Conditional Assignment Of Domain Names, Social Media Identities and E-Mail Addresses
- Exhibit F Form Of Franchise Compliance Certificate
- Exhibit G Financial Statements
- Exhibit H State Specific Addenda And Riders
- Exhibit I State Specific Business Brokerage Laws And Franchise Sales Laws
- Exhibit J Table Of Contents Of Manuals
- Exhibit K Principal Owner's Guaranty
- Exhibit L Principal Owner' Statement
- Exhibit M Confidentiality And Non-Disclosure Agreement
- Exhibit N State Agents and Agents for Service of Process
- Exhibit O Form of Release
- Exhibit P State Effective Date
- Exhibit Q Receipts

Date \_\_\_\_\_

Name: \_\_\_\_\_

Date \_\_\_\_\_

Name: \_\_\_\_\_

*Retain this copy for your records*

**RECEIPT**

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

If King Lombardi Acquisitions, Inc. 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, the franchisor 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 first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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- Exhibit O Form of Release
- Exhibit P State Effective Date
- Exhibit Q Receipts

Date \_\_\_\_\_

Name: \_\_\_\_\_

Date \_\_\_\_\_

Name: \_\_\_\_\_

*(Sign and return this to us at: 2601 East Oakland Park Boulevard, Suite 300, Fort Lauderdale, Florida 33306 Telephone: 954-565-1555 E-mail: [pking@vrbb.com](mailto:pking@vrbb.com) and [jlombardi@vrbusinessbrokers.com](mailto:jlombardi@vrbusinessbrokers.com))*