FRANCHISE DISCLOSURE DOCUMENT

FRANCHISOR:
Keller Williams Realty, LLC
A Texas Limited Liability Company
1221 South Mopac Expressway
Suite 400
Austin, Texas 78746
(512) 327-3070
www.kw.com
franchise@kw.com

We have developed a distinctive business system that involves the delivery of real estate brokerage services and other services through KELLER WILLIAMS® REALTY Market Centers. In this Disclosure Document, we offer the right to develop and operate Market Centers in specific Awarded Areas. We have authorized third parties to act as our Regional Representatives in specific regions. See Item 1 for more details concerning our Regional Representatives.

The total investment necessary to begin operating a Market Center ranges between $183,647 to $336,495. This includes $36,447 to $37,245 that must be paid to us. If you sign a Business Center Addendum to our franchise agreement, the total investment necessary to begin operating of a Business Center ranges between $29,600 to $88,150. This includes $2,500 that must be paid to us. If we authorize additional concepts, we may impose a reasonable initial fee for each concept you offer.

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 Disclosure 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 our Franchise Systems Department at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746.

The terms of your agreement(s) will govern our franchise relationship. Do not rely on the Disclosure Document alone to understand your agreement(s). Read all of your agreement(s) carefully. Show your agreement(s) and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. For additional information, visit the FTC's home page at www.ftc.gov. 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: April 15, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.

2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

ADDENDUM TO KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN
(Market Center)

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, the franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

KELLER WILLIAMS REALTY, LLC
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor:

The Franchisor and owner of the Keller Williams® franchise system is Keller Williams Realty, LLC. In this Disclosure Document, we refer to Keller Williams Realty, LLC as "Franchisor," "KW," or by use of the first person plural pronoun (i.e., we, our and us); we refer to the entity that will sign a Market Center Franchise Agreement as "you," "your," and "franchisee." KW, an entity formerly known as Keller Williams Realty, Inc., was originally organized in Texas on December 21, 1994, as a corporation and was converted to a limited liability company on February 28, 2025, and maintains its principal place of business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746. We only conduct business under our corporate name and under the trade names "KELLER WILLIAMS®," "KW REALTY," "KELLER WILLIAMS REALTY," "KW LUXURY," "KELLER WILLIAMS LUXURY," "KELLER WILLIAMS LUXURY INTERNATIONAL®," "KW LUXURY INTERNATIONAL," "KW COMMERCIAL®," "KW LAND®," and "KELLER WILLIAMS REALTY INTERNATIONAL."

The Franchisor's Business:

We have offered and sold franchises to develop and operate KELLER WILLIAMS® market centers ("Market Centers") since November 22, 1995. Our business system (the "System") is characterized by our distinctive methods and techniques for attracting real estate brokers or salespersons ("Associates"); the high moral and ethical standards that franchisees are expected to observe in dealing with their Associates, other franchisees and the public; Associate recruitment methods; uniform standards and specifications; quality and uniformity of services; procedures for training, consulting and assistance; our Associate Leadership Council program; our Keller Williams University; our profit sharing plan; our business philosophy and culture; and our advertising and promotional programs, as further described in Item 11. The principal trademarks and service marks ("Trademarks") we use to describe and identify the System are listed in Item 13. Except for the Market Center and Regional Representative programs described below, we have not offered franchises in any other line of business in the United States and Canada.

We do not currently have direct or indirect ownership interests in any Market Centers. We, or our parents, affiliates, and/or owners and executives, have direct or indirect ownership interests in certain ancillary real estate businesses. These interests and businesses are described below in Item 1.

We manage, operate, and wholly own the following regional territories: California Westside LA, Carolinas, Colorado, Florida South, Maryland & D.C., Michigan/Northern Ohio, Mid-American, North Central, Northwest, South Texas, and Southwest.

Other Businesses

In August 2019, we launched KW Marketplace, which is our proprietary online store available to all Associates and franchisees. The KW Marketplace is an easy, one-stop shop for products and services to enhance and support our Associates' and franchisees' businesses. In addition to our products and services, from time to time, we may contract with third-party vendors that desire to offer their services and products via the KW Marketplace. We will not charge you or your Associates any fees to access the KW Marketplace. If you and/or your Associates choose to purchase these services and/or products through the KW Marketplace, you and/or your Associates will pay agreed upon fees to us or the third-party vendors through agreed upon purchase terms through the KW Marketplace portal. (See Item 8.)

In November 2021, we launched Keller Successful Career Opportunities in Real Estate ("KSCORE"), in partnership with Kaplan Real Estate Education. Through that partnership, KSCORE offers state-approved prelicensing curriculum, via Kaplan Real Estate Education, for aspiring real estate agents

and continued real estate education credits for existing agents. Kaplan Real Estate Education's platform offers distinct education-delivery formats, including home study, online, and live online courses, and a wide selection of state-approved courses and packages. Each student is provided the basic education at no cost to the student unless they choose to upgrade to a different package. To participate, you must sign an addendum in the form attached as Exhibit G to this Disclosure Document and pay us certain continuing fees. (See Item 6.)

In December 2021, we launched KW Prep. KW Prep is a real estate training program geared towards setting aspiring and newly licensed agents on the right path as they launch their real estate businesses. KW Prep unpacks the tools, strategies, and mindset that will help new agents develop their career right out of the gate. To participate, you must sign an addendum in the form attached as Exhibit H to this Disclosure Document and pay us certain continuing fees. (See Item 6.)

In September 2021, we launched our Keller Williams Expansion Network ("KWEN") to provide expansion agents the opportunity to grow beyond state borders with consistent branding and models through a series of company-affiliated Market Centers. We have since transitioned KWEN agents and brokers to existing franchised Keller Williams Market Centers, and KWEN is no longer in operation.

On March 3, 2025, we acquired Rellek Publishing Partners, Ltd. ("Rellek") from its two owners, one of whom was Gary Keller. Rellek is a copyright owner of certain coaching and training materials and a supplier of educational and training content that is licensed to outside publishers. Rellek maintains its principal place of business at 1221 South Mopac Expressway, Suite 400, Austin, TX 78746. Rellek has not offered franchises in any line of business and has never operated a real estate brokerage business.

Our Parents, Predecessors and Affiliates:

Parents

Since March 5, 2025, our direct parent is KW Intermediate Co LLC ("Intermediate"), a Delaware limited liability company with its principal business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746. Intermediate has never offered franchises or licenses in any line of business and does not provide products or services to franchisees.

Intermediate is wholly owned by KW Midco LLC ("MidCo"), a Delaware limited liability company with its principal business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746. MidCo has never offered franchises or licenses in any line of business and does not provide products or services to franchisees.

MidCo is wholly owned by Keller Williams Realty Holdings LLC ("Holdings"), a Delaware limited liability company with its principal business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746. Holdings has never offered franchises or licenses in any line of business and does not provide products or services to franchisees.

Holdings' parent company is Trident Keller Williams Realty Holdings, Inc. ("Trident"), a Delaware corporation. Trident purchased a majority ownership interest in us through its investment in Holdings and certain of our affiliated entities effective March 5, 2025. Trident's current principal business address is 20 Horseneck Lane, Greenwich, Connecticut 06830. Trident has never offered franchises or licenses in any line of business and does not provide products or services to franchisees.

Trident's parent companies are Trident IX, L.P. ("Trident IX"), Trident IX Parallel Fund, L.P. ("Trident IX Parallel"), and Trident IX Professionals Fund, L.P. ("Trident IX Professionals") (collectively the "Trident IX Funds"), each a Cayman Island limited partnership. The Trident IX Funds purchased a majority ownership interest in us through its investment in Trident effective March 5, 2025. The current

principal business address for the Trident IX Funds is 20 Horseneck Lane, Greenwich, Connecticut 06830. The Trident IX Funds have never offered franchises or licenses in any line of business.

Trident Capital IX, L.P., a Cayman Island limited partnership, is the General Partner of Trident IX and Trident IX Parallel. Stone Point Capital LLC ("SPC") manages the Trident IX Funds. SPC is a Delaware limited liability company with its principal business address at 20 Horseneck Lane, Greenwich, Connecticut 06830. SPC has never offered franchises or licenses in any line of business and does not provide products or services to franchisees.

Predecessors

We have one predecessor required to be disclosed in this Disclosure Document.

On November 22, 1995, Keller Williams, Inc. Realtors (our "Predecessor") transferred to us all its existing Market Center franchise agreements and Regional Representative agreements, as well as ownership of the Trademarks and System and certain other assets described in the financial statements presented in Exhibit A to this Disclosure Document. From October 1987 to November 22, 1995, our Predecessor offered franchises for Market Centers and the Regional Representative program described below. Our Predecessor directly or indirectly has operated a real estate brokerage business since October 1987; it has not offered franchises or licenses in any other line of business and does not provide products and services to franchisees.

International Franchising

In February 2012, our affiliate KW Worldwide Dutch B.V., granted its first master license agreement for development of real estate franchises in areas outside of the United States and Canada. In 2016, we restructured and transferred all master license agreements with real estate franchises in areas outside of the United States and Canada to our affiliate KW Worldwide, Ltd. ("KW Worldwide"). In 2025, KW Worldwide became a wholly owned subsidiary of KW. We provide services to support licensees of KW Worldwide. KW Worldwide shares our principal place of business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746.

Affiliated Region

The California Central and Southern Region is owned by a limited liability company affiliated with us named Caltex Millennium, LLC ("Caltex"). Caltex is 70% owned by KW One, LLC, which is 100% owned by us, and we operate and manage the California Central and Southern Region. The remaining membership interests in Caltex are owned by third parties. Certain directors and officers hold ownership interests in or operate certain real estate brokerage businesses under the System and the Trademarks. (See Items 2 and 20.) Our agents for service of process are listed in Exhibit J.

Affiliated Vendors and Service Providers

On August 17, 2018, we acquired Smarter Agent Mobile, LLC, as a wholly owned subsidiary. Smarter Agent Mobile, LLC provides MLS data services for the System. It shares our principal place of business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746.

Gary Keller and other third parties own KW Insurance, Ltd., a business offering home insurance quotes online. Its principal place of business is 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746. It operates under the trade name "Keller Covered" and is in the process of winding down its operations.

Gary Keller co-owns KP Publishing Partners, Ltd. ("KP Publishing"), which is a supplier of educational and training content that KP Publishing licenses to us and outside publishers. KP Publishing

maintains its principal place of business at 1221 South Mopac Expressway, Suite 400, Austin, TX 78746. KP Publishing has not offered franchises in any line of business and has never operated a real estate brokerage business.

Gary Keller and other third parties have indirect, minority ownership interests in Mutual of Omaha Mortgage, Inc., which is operating the business as Keller Home Loans. On February 15, 2023, Mutual of Omaha Mortgage, Inc. purchased substantially all of the business assets of affiliate Keller Mortgage, LLC (dba Keller Mortgage), an Ohio limited liability company, and purchased Keller Mortgage, LLC's interests in certain mortgage joint ventures, which closed separately on June 30, 2023. Keller Mortgage, LLC previously operated as a mortgage lender that provided loans to customers of Franchisees and their Associates in certain select markets and previously entered into a series of joint ventures to do so in certain other select markets. Keller Mortgage, LLC changed its name to KM Dublin, LLC effective July 13, 2023. The address for KM Dublin, LLC is 1221 South Mopac Expressway, Suite 400, Austin, TX 78746.

In August 2022, we launched the Real Agent Perks program, which makes medical, dental, vision, term life, and other insurance and related products available to Franchisees, their Associates, and employees of Keller Williams Market Centers located in the United States. To launch this program, we established Real Estate Agent Insurance Services, LLC ("REAIS"), an affiliate of KW and a licensed insurance producer. REAIS is involved in marketing and advertising this program, but not in selling, soliciting or negotiating insurance products. For each insurance policy purchased through the program, REAIS receives a commission.

In April 2022, an entity owned by Gary Keller entered into a joint venture with a third party to operate 72SOLD National, LLC, which is a marketing home sales program available to real estate agents. The joint venture's principal place of business is 7333 E. Doubletree Ranch Road, Ste 100B Scottsdale, AZ 85258.

Although not our affiliate, Gary Keller, John Keller, and/or other third parties, have a minority ownership interest in TKW Holdings, LLC, which in March 2024 acquired (1) our former affiliate Keller Title, LLC, which is a minority investor in title services joint ventures in certain select markets where permissible under applicable law, and (2) our former affiliate Real Intelligent Sales Engagement, LLC, which is a lead conversion platform for residential real estate available to real estate agents.

Although not our affiliates, for purposes of disclosure, Lone Wolf Technologies, Inc. and CoreLogic, Inc. are under common management with us through their affiliation with SPC. Lone Wolf Technologies, Inc. is a leading residential real estate technology provider for agents, brokers, franchises, MLSs, and associations across North America. CoreLogic is a global provider of property information, analytics, and data-enabled solutions. It offers a wide range of services to various industries, including real estate, mortgage finance, insurance, and capital markets. While Keller Williams® franchisees and agents may use these companies, they are not vendors that we require our franchisees to use.

Description of Market Center Businesses:

Each franchise relationship is governed by a Franchise Agreement under which you have the right and obligation to establish one Market Center at one specific bricks and mortar physical location, which we approve in writing in advance under an approved DBA name. The Franchise Agreement that you must sign for a Market Center is attached to this Disclosure Document as Exhibit B. Before you sign a Franchise Agreement, we require that you submit an application for our consideration as a prospective franchisee. The current form of application is attached to this Disclosure Document as Exhibit O.

Prior to 2005, we only authorized franchisees to operate residential real estate brokerage businesses at Market Centers and, in special circumstances, to offer commercial brokerage services pursuant to a special addendum to the Franchise Agreement. (See the current Commercial Real Estate Addendum

attached as Exhibit F to this Disclosure Document). In 2008, we launched a Commercial Real Estate Division to promote the potential for our franchisees to offer commercial brokerage services under the name KW Commercial, which we now call our KW Commercial Community. We have also created other communities to assist our franchisees and their Associates in the education and training of Associates involved in the buying and selling of different types of real estate. Other examples include land and high-end residential properties. We call these our "Communities."

In 2014, we launched the Mega Agent Expansion program ("Expansion") to provide additional training and support to our Mega Agents (we call these agents Expansion Network Owners) to expand into additional market centers with local agents that choose to align with them (we call these local agents Network Referral Agents).

As a Market Center franchisee, you will be required to participate in Expansion and adhere to all its requirements as reflected in the Brand Standards Manuals, as may be amended from time to time as the Expansion program evolves. This may involve you becoming an "Expansion Hub" if one or more of your agents becomes an Expansion Network Owner under Expansion and/or it may involve you becoming a "Host Market Center" if one or more Expansion Network Owners desires to align with your Market Center and identify Network Referral Agents that will operate out of your Market Center. You do not pay us any fees to participate in Expansion, but you may receive fees from the Expansion Network Owners and/or their Network Referral Agents depending on whether you are acting as an Expansion Hub or Host Market Center. We expect that Expansion will continue to evolve over time and your participation will be crucial to its success.

We also offer existing Market Center franchisees the right to open and operate Business Centers, subject to certain qualifying terms and conditions, in conjunction with their Market Centers. A Business Center operates like a branch of the Market Center with which it is affiliated, but operates with less staff, pays a reduced Business Center fee (See Item 5), and otherwise operates at a reduced volume of business conducted at the Market Center. The Business Center does not have a separate Awarded Area. The "Business Center Location" is merely an address. (See Item 12). Your Business Center must be located in your existing Market Center Awarded Area or, in limited circumstances, may be located in an area where there is no Market Center and which is contiguous to your Market Center Awarded Area. A Business Center approved to operate outside of the host Market Center's territory may have a term that expires prior to the Franchise Agreement and is subject to termination if it is located within the territory of a Market Center subsequently approved by us. You and your Controlling Principals must sign an Addendum to the Franchise Agreement to open a Business Center and attend certain additional training. (See Item 6). The current form of Business Center Addendum is attached to this Disclosure Document as Exhibit C. Any differences between your obligations under the Business Center Addendum and the Franchise Agreement are described in this Disclosure Document.

If any of your top producing Associates qualify as Mega Associates and want to establish their own separate offices outside your Market Center, you must enter into a Mega Associate Office Addendum to the Franchise Agreement. The current form of Mega Associate Office Addendum is attached to this Disclosure Document as Exhibit E. We have the right to approve, in our discretion, your Mega Associates' eligibility to open a Mega Associate Office and to limit the number of Mega Associate Offices that may be associated with your Market Center. Each Mega Associate Office must be located within your existing Market Center's Awarded Area or in limited circumstances may be located in an area where there is no Market Center and which is contiguous to your Market Center Awarded Area. A Mega Associate Office approved to operate outside the host Market Center's awarded area is subject to termination if it is located within the awarded area of a new Market Center subsequently awarded by us. To the extent that any of your obligations under a Mega Associate Office Addendum differ from your obligations under the Franchise Agreement, those differences will be described in this Disclosure Document. Otherwise, your obligations under the Mega Associate Office Addendum will be the same as your obligations under the Franchise Agreement.

We also offer a Temporary New Homes Sales Location Addendum in conjunction with your existing Market Centers. The Temporary New Homes Sales Location is available to you if you have obtained an exclusive listing to sell all or substantially all of the new homes for a specific new home development and if, as a condition to obtaining the listing, you must agree to occupy a model home or other facility on the premises of the development for the purpose of selling new homes at the development for a limited period. Neither you nor any other Associates are permitted to conduct any other listing, sales or other real estate services from the Temporary New Homes Sales Location, without our prior express written permission. The current form of Temporary New Homes Sales Location Addendum is attached to this Disclosure Document as Exhibit D. We have the right to approve, in our discretion, the listing agreement you enter into in connection with the Temporary New Homes Sales Location Addendum. You must operate the Temporary New Sales Location in accordance with the terms and conditions of the Franchise Agreement, the Temporary New Homes Sales Location Addendum, and the standards and specifications in the Brand Standards Manuals.

You and certain of your principal owners or investors that we designate (each a "Controlling Principal") must accept the confidentiality, non-competition and other restrictions under the Franchise Agreement and must guarantee your financial obligations to us. (See Items 14 and 15). Your other direct and indirect owners or investors and your other officers, directors, managers and other senior executives, who we do not designate as Controlling Principals, will be designated as Franchisee's Principals and will be required to sign an undertaking acknowledging that they are bound to certain personal duties under the Franchise Agreement, including confidentiality, non-competition and other restrictions or obligations. You, your Controlling Principals and Franchisee's Principals will also be obligated to ensure that you, your Controlling Principals, your Franchisee's Principals and all other persons and entities directly or indirectly affiliated with you, including all of your employees (collectively, your "Franchisee's Group"), comply with certain obligations under the Franchise Agreement.

Our franchisees were operating a total of 773 Market Centers as of December 31, 2024 in the United States and Canada. (See Item 20). Although these Market Centers are operating under the System, some of the related Franchise Agreements vary in material respects from the terms of the Franchise Agreement we currently offer. All franchisees who first obtain the right to operate Market Centers after the date of this Disclosure Document (and continuing until our next annual update or amendment to this Disclosure Document) must operate under the form of Franchise Agreement and related documents described in this Disclosure Document.

We also offer arrangements to refer, develop and support multiple Market Centers to Regional Representatives who solicit, refer, screen and assist us in evaluating potential franchisees to establish and operate Market Centers and to perform certain training and other functions on our behalf in their designated area (each a "Region"). We make this offering under a separate Disclosure Document. If we have authorized a Regional Representative to operate in a specific Region, the Regional Representative will have the right to solicit, refer, screen and assist us in evaluating potential franchisees to establish and operate Market Centers within that Region. The Regional Representative may also perform training and other functions as more specifically described in this Disclosure Document that we would normally perform under the Franchise Agreement. These functions may also include assisting us with site selection, inspections of Market Centers, certain promotions and advertising activities, and relocation business programs. (See Items 6 and 11). We may also designate a Regional Representative in a geographic area where there are existing Market Centers. Under these circumstances, the Regional Representative may perform our obligations under Franchise Agreements for existing Market Centers in their Region to the extent that we delegate such functions to the Regional Representative.

Regional Representatives do not have authority to offer or approve Market Center franchises, to negotiate the terms of the Franchise Agreement or to contract or act on our behalf without our express prior written approval.

All segments of the real estate brokerage business are highly developed, competitive, and are often significantly affected by demographic changes and by local and national economic conditions. Market Centers compete with a large number of established independent and franchised or licensed real estate brokerage businesses.

Industry-Specific Regulations:

All states have laws and regulations governing the operation of real estate brokerage offices, and you must comply with the provisions applicable to your area. These laws and regulations affect the ways by which you conduct business, including your representation of your clients and customers, the provisions you have in the agreements you use, your real estate licensing, your relationship with your Associates, the ways by which you do your accounting and handle your revenues, your methods of advertising, the ways in which you hold yourself and your Associates out to the public and many other ways. We urge you to familiarize yourself with the specific state and local laws and regulations that would apply to your Market Center.

When you enter into a relationship with a mortgage company, a title insurance company, or other settlement service provider, you are subject to the Real Estate Settlement Procedures Act "RESPA." We strongly recommend that you ask an attorney experienced in RESPA compliance to advise you about the obligations and restrictions that RESPA and any other laws imposed on you, your business, or your business relationships. If you or your Associates refer your clients to RESPA regulated affiliates of KW, you may also have to provide a disclosure that describes the affiliated business arrangement.

As further discussed in Item 3, on October 31, 2023, a jury entered a verdict against the National Association of REALTORS® ("NAR") and real estate brokerage franchisors, including KW (the "Defendants") in a class action lawsuit filed by home sellers (the "*Sitzer*" case) that alleged the Defendants conspired to violate Section 1 of the Sherman Act to require home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on Multiple Listing Service ("MLS") sites. Following the verdict, new "copycat" and related class action antitrust lawsuits were filed in other states. While KW and the other Defendants have reached global settlements with the *Sitzer* plaintiffs that have been finally approved by the trial court, objectors to the settlements have filed an appeal that remains pending. There are also pending class action lawsuits filed by home buyers, including against KW, that have not been settled. Accordingly, we urge you to familiarize yourself with your state's laws and regulations and any applicable real estate board rules pertaining to agent representation and compensation.

ITEM 2
BUSINESS EXPERIENCE

Gary W. Keller: Executive Chairman, Member, Board of Directors

Mr. Keller is the co-founder of the Keller Williams business concept. He was named Executive Chairman and Chairman of the Board in November 2023, based in Austin, Texas. He served as CEO and Chairman of the Board for KW from December 2022 to November 2023 in Austin, Texas. Mr. Keller previously served as Executive Chairman of KW and KW Accelerator Studios, LLC from October 2020 through November 2022, in Austin, Texas. Mr. Keller has served as Chairman of our Board and a Director, among other positions, in Austin, Texas since our inception in October 1983. Mr. Keller also co-owns KP Publishing Partners, Ltd., and KW Insurance, Ltd., which are affiliate companies.

John Keller: Executive Vice Chairman, Member, Board of Directors

Mr. Keller has been a member of our Board since January 2015, based in Austin, Texas. He was appointed Executive Vice Chairman of the Board and President in June of 2024 and prior to that he served as Vice Chairman from September 2023 to June 2024, both in Austin, Texas. He previously was Head of Transformation for KW from June 2022 to September 2023 in Austin, Texas. Mr. Keller previously served as Head of Transformation for KW Accelerator Studios, LLC from December 2021 to June 2022, in Austin, Texas. Mr. Keller is also a Manager of KW Insurance, Ltd., and has held that position since June 2018, based in Austin, Texas.

Chris Czarnecki: Chief Executive Officer and President; Member, Board of Directors

Mr. Czarnecki has been Chief Executive Officer and President since March 2025, in Austin, Texas. He has served as a Director since March 2025, in Austin, Texas. From February 2024 to February 2025, he was in between positions. From March 2023 to January 2024, he was a consultant to Broadstone Net Lease, Inc., in Rochester, New York. He previously served as Chief Executive Officer of Broadstone Net Lease, Inc. from July 2017 to February 2023, in Rochester, New York, and Chief Executive Officer and President from January 2020 to February 2023.

Keelan Marks: Member, Board of Directors

Mr. Marks has served as Director since March 2025, based in Greenwich, Connecticut. Since August 2020, he has served as Vice President of Stone Point Capital LLC in Greenwich, Connecticut. Prior to that, he was an Investment Banking Analyst with Evercore, Inc. from November 2018 to July 2020, in New York, New York.

Eric Rosenzweig: Member, Board of Directors

Mr. Rosenzweig has served as Director since March 2025, based in Greenwich, Connecticut. Since August 2006, he has served as Managing Director of Stone Point Capital LLC in Greenwich, Connecticut.

Nicolas Zerbib: Member, Board of Directors

Mr. Zerbib has served as Director since March 2025, based in Greenwich, Connecticut. Since April 2024, he has served as Co-President and Chief Investment Officer of Stone Point Capital LLC in Greenwich, Connecticut. Prior to that, he served as Managing Director for Stone Point Capital LLC from August 1998 to March 2024 in Greenwich, Connecticut.

Stacie Herron: Chief Operating Officer, Chief Legal Officer and Secretary

Ms. Herron has served as Chief Operating Officer, Chief Legal Officer and Secretary for KW since March 2025 in Austin, Texas. She previously served as Chief Legal and Administrative Officer from September 2023 to March 2025, including serving as interim Chief Operating Officer from January 2025 to March 2025, and as Chief Legal and People Officer from April 2022 to September 2023 in Austin, Texas. Prior to that, she served as Chief Legal Officer of KW Accelerator Studios, LLC from April 2021 to April 2022 in Austin, Texas. Prior to joining KW Accelerator Studios, LLC, Ms. Herron served in various roles since 2008 with GGP Inc. and its successor in interest, Brookfield Properties Retail Holding LLC, including

serving as Executive Vice President, General Counsel and Secretary from July 2018 to April 2021 in Chicago, Illinois.

Timothy Dieffenbacher, Chief Financial Officer

We anticipate Mr. Dieffenbacher joining us in May 2025. He has been the Chief Financial Officer, Treasurer, and Secretary of FrontView REIT, Inc. since September 2024 in Dallas, Texas. Prior to that, he served as SVP, Chief Accounting Officer, and Treasurer of Broadstone Net Lease, Inc. from February 2017 to September 2024 in Rochester, New York.

Jason Abrams: Head of Industry and Learning

Mr. Abrams has served as Head of Industry and Learning for KW since January 2023 in Austin, Texas. He previously served as Head of Industry for KW Accelerator Studios, LLC from February 2021 to December 2022 in Austin, Texas. He joined KW on January 1, 2019, as our Vice President of Industry in Austin, Texas.

Chris Cox: Chief Digital and Technology Officer

Mr. Cox has served as Chief Digital and Technology Officer for KW since January 2023 in Austin, Texas. He previously served as Chief Digital and Technology Officer of KW Accelerator Studios, LLC from March 2021 to December 2022 in Austin, Texas. Prior to joining KW Accelerator Studios, LLC, Mr. Cox served as a Partner with Bain & Company from March 2019 to March 2021 in Austin, Texas.

Debbie Gardner: Sr. Director, Franchise Systems

Ms. Gardner became our Sr. Director, Franchise Systems in January 2025, based in Austin, Texas. She previously served as our Director, Franchise Systems from March 2016 to December 2024, based in Austin, Texas.

Wendi Harrelson: President of KW Regions

Ms. Harrelson was named President of KW Regions in January 2024, based in Austin, Texas. She was a Divisional Leader from July 2019 to December 2023, based in Austin, Texas. Ms. Harrelson has been the Regional Operating Principal of the New York—Upstate Region since January 2013, based in Austin, Texas. She was Regional Director of the Texas South Region from March 2013 to December 2023, based in Austin, Texas.

John Clidy: Vice President of Growth, KW

Mr. Clidy was named Vice President of Growth, KW in January 2024, based in Boca Raton, Florida. Mr. Clidy was a Divisional Leader from March 2021 to December 2023, based in Boca Raton, Florida. He was Regional Director of the Greater PA Region from May 2014 to December 2023 and was based in Franklinville, New Jersey, from May 2014 to July 2020, and based in Boca Raton, Florida from July 2020 to December 2023.

ITEM 3
LITIGATION

PENDING

Christopher Moehrl, on behalf of himself and all others similarly situated v. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., RE/MAX Holdings, Inc., Keller Williams Realty, Inc., Case Number 19-cv-1610, in the United States District Court, Northern District of Illinois. Plaintiff filed this Class Action Complaint on March 6, 2019, which alleges that the Defendants in this case conspired to require plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on twenty Multiple Listing Service ("MLS") sites, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. We were served with the Complaint on March 13, 2019. Plaintiff is suing for violation of the Sherman Act and is seeking treble damages, attorneys' fees and injunctive relief. We retained counsel and filed a motion to dismiss for failure to state a claim upon which relief can be granted on May 17, 2019. This matter was consolidated with another previously filed matter (*Sawbill Strategic, Inc. v. The National Association of Realtors, Homeservices of America, Inc., Keller Williams Realty, Inc., Realogy Holdings Corp., and RE/MAX Holdings, Inc.*, Case Number 119-cv-02544, in the United States District Court, Northern District of Illinois) on June 24, 2019, under the style *Christopher Moehrl, Michael Cole, Steve Darnell, Valerie Nager, Jack Ramey, Sawbill Strategic, Inc., Daniel Umpa, and Jan Ruh v. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty Inc.,* Case Number 19-cv-1610, in the United States District Court, Northern District of Illinois. The court certified a class consisting of home sellers who listed their properties on one of the twenty MLS sites at issue. On February 1, 2024, we entered a nationwide class settlement to settle the claims brought in this case, the *Sitzer* case (discussed below), and the *Umpa* case (discussed below). The settlement approval process and details of the settlement are in the *Sitzer* summary.

Joshua Sitzer and Amy Winger, on behalf of themselves and all others similarly situated vs. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., RE/MAX Holdings, Inc., and Keller Williams Realty, Inc., Civil Action No. 4:19-cv-00332-SRB, in the United States District Court for the Western District of Missouri. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on March 30, 2020, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on four Multiple Listing Service ("MLS") sites within Missouri, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. The court certified a class consisting of Missouri home sellers and denied the Defendants' motions for summary judgment. A three-week trial was held beginning on October 16, 2023. On October 31, 2023, a jury issued a verdict against all Defendants in the case awarding the plaintiffs damages in the amount of $1,786,310,872 (which under antitrust law may be increased to $5,358,932,616) to be reduced by existing and possible future settlements entered into between the Plaintiffs and specific Defendants. On February 1, 2024, we entered a nationwide class settlement that settled the claims brought in this case (including the jury verdict), the *Moehrl* case (discussed above), and the *Umpa* case (discussed below) when, on May 9, 2024, the court in *Sitzer* ordered final approval of the settlement. The definition of the settlement class and scope of the release also resolved the claims alleged in the *Bauman, Burton*, *QJ Team*, *Grace*, *Martin*, *Willsim Latham, LLC*, and *Jensen* cases discussed herein wherein the court in *Sitzer* ordered final approval of the settlement.

The total amount of the settlement is $70 million. The payment schedule is as follows: We deposited $50 million into a qualified settlement fund on April 30, 2024; $10 million into the qualified settlement fund upon the later of (i) 14 days following final approval of the settlement by the court in *Sitzer*, and (ii) September 15, 2026; and $10 million into the qualified settlement fund upon the later of (i) 14 days following final approval of the settlement by the court in *Sitzer*, and (ii) September 15, 2027.

The court granted preliminary approval of the nationwide settlement on February 1, 2024. The members of the settlement class had until April 13, 2024 to opt out of the settlement or to object to the settlement. The court granted final approval after a hearing on May 9, 2024. An appeal was filed by some of the objectors to the settlement and has been fully briefed. The Eighth Circuit Court of Appeals will decide the appeal.

Gary Bauman, Mary Jane Bauman, and Jennifer Nosalek, individually and on behalf of all others similarly situated vs. MLS Property Information Network, Realogy Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, RE/MAX LLC, and Keller Williams Realty, Inc., Civil Action No. 1:20-cv-12244, in the United States District Court for the District of Massachusetts. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on December 17, 2020, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on a Multiple Listing Service ("MLS") site, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. The court denied the defendants' motions to dismiss, and discovery has proceeded. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Judah Leeder individually and on behalf of all others similarly situated, vs. The National Association of Realtors, Realogy Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty, Inc., Civil Action No. 1:21-cv-00430, in the United States District Court for the Northern District of Illinois. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on January 27, 2021, which alleges that the Defendants in this case conspired to require Plaintiff home buyers to pay buyer brokers' commissions at an inflated rate and/or inflated home prices when listing a property on a Multiple Listing Service ("MLS") site, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, and various state antitrust and consumer protection statutes. Plaintiffs are seeking treble damages, attorneys' fees and injunctive relief. On February 20, 2024, the court granted in part and denied in part the defendants' motion to dismiss. The court dismissed the Sherman Act claim but permitted the plaintiffs to pursue various state antitrust and consumer protection statute claims. We will continue to defend ourselves in this matter.

John Davis v. Inga Dow, Keller Williams Realty, Inc., Gary Keller, and Josh Team, Civil Action No. 4:22 cv-00970-O, in the United States District Court, Northern District of Texas, Fort Worth Division ("Litigation"). Keller Williams Realty, Inc. Gary Keller and Josh Team are "Defendants." Plaintiff filed the Litigation on October 27, 2022, alleging claims against Inga Dow, for among other things, abuse of process for filing the above-described lawsuit, against Keller Williams Realty, Inc. for fraud by omission and breach of contract, and against Gary Keller for civil conspiracy, breach of fiduciary duty, breach of good faith and fair dealing, breach of contract, and tortious interference with contract. On March 13, 2023, the Court heard Defendants' motion to compel the Litigation to arbitration and thereafter ordered the Plaintiff's claims compelled to arbitration. The Court further ordered the Litigation stayed and administratively closed. Plaintiff appealed to the Fifth Circuit Court of Appeals ("Appellate Court") the Court's ruling compelling arbitration, and the Appellate Court dismissed Plaintiff's appeal. Plaintiff has filed a demand for arbitration, and an arbitrator has been appointed. Defendants will continue to vigorously defend against the matter.

Colleen L. Basinski, Bart S. Basinski, and Baz Investment Group, Inc. v. Keller Williams Realty, Inc., Gary Keller, Marc King, Dan Holt, and Colette Ching, Civil Action No. D-1-GN-23-001314, in the District Court of Travis County, Texas. Plaintiffs filed this action on March 9, 2023, alleging claims against the defendants for tortious interference. Keller Williams Realty, Inc. removed the case on March 17, 2023, to the United States District Court for the Western District of Texas, Civil Action No. 1:23-cv-00299-RP. On April 12, 2023, Plaintiffs filed a motion to remand this action back to state court, and the United States District Court denied that motion on June 8, 2023. On June 29, 2023, Keller Williams Realty, Inc., Gary Keller, and Marc King filed a motion to compel arbitration (Dan Holt and Colette Ching had not yet been served). Plaintiffs

opposed that motion. Dan Holt was served on August 18, 2023, and he filed a motion to compel arbitration on September 8, 2023. On November 8, 2023, the Court granted the motions to compel arbitration of Counts 1-6 against KWRI, Keller, King, and Holt and denied it with respect to Count 7. The Court also dismissed the claims against Ching without prejudice and stayed the case pending arbitration. The Parties are discussing potential arbitrators, but no demand in arbitration has been filed. Defendants will continue to vigorously defend against the matter.

John Davis v. Keller Williams Realty, Inc.; Gary Keller; Josh Team; Business MAPS, Ltd; and Business MAPS Management, LLC.; Civil Action No. 1:23-cv-1017, in the United States District Court Western District of Texas, Austin Division ("Second Litigation"). Keller Williams Realty, Inc., Gary Keller, Josh Team, Business MAPS, Ltd., and Business MAPS Management, LLC are "Original Defendants." On August 29, 2023, Plaintiff filed the Second Litigation against Keller Williams Realty, Inc. ("KWRI"); Gary Keller; Josh Team; Business MAPS, Ltd., and Business MAPS Management, LLC, after the United States District Court, Northern District of Texas, Fort Worth Division ordered Plaintiff to arbitrate his claims in the case captioned *John Davis v. Inga Dow, Keller Williams Realty, Inc., Gary Keller, and Josh Team* matter summarized above ("Initial Litigation"). Plaintiff's claims in the Second Litigation are based on the alleged facts and circumstances underpinning Plaintiff's claims alleged in the Initial Litigation and, as such, the Second Litigation is an attempt by Plaintiff to circumvent the decision from the United States District Court, Northern District of Texas, Fort Worth Division ordering Plaintiff to arbitrate his claims. In the Second Litigation, Plaintiff's claims are plead as violations of the RICO Act, violations of the Sherman Act, and intentional fraudulent inducement. Plaintiff also alleges a claim for breach of contract against KWRI and a claim for general partner liability against Business MAPS Management, LLC. The Second Litigation was transferred to the same court where the Initial Litigation was filed. On November 20, 2023, Davis filed an Amended Complaint, in the Second Litigation, adding Jesse Herfel as a co-plaintiff (together with Davis, "Plaintiffs") and John Keller; 72Sold, Inc.; Johnathan Dupree; Marc King; Jason Abrams; Matt Green; William Soteroff; KWx, LLC; Livian LLC, and KW Southwest Region, LLC as "Additional Defendants." The Original Defendants and the Additional Defendants, except for 72Sold, Inc., are hereby referred to as "Defendants." The Amended Complaint reasserts the claims plead as violation of the RICO Act (as to certain Defendants); violations of the Sherman Act (as to certain Defendants); and general partner liability against Business MAPS Management, LLC; and adds a claim for embezzlement (as to certain Defendants). Defendants filed a motion to compel the Plaintiffs' claims to arbitration and, in the alternative, to dismiss Plaintiffs' claims. On August 12, 2024, the Court compelled the Second Litigation to arbitration. The Court further ordered the Second Litigation stayed and administratively closed. On January 27, 2025, Plaintiffs filed a letter motion ("Letter Motion") seeking to have an arbitrator appointed in the Second Litigation, and thereafter, retired Judge Joseph "Tad" Halbach of Houston, Texas, was appointed. No demand in arbitration has been filed with the Second Litigation Arbitrator, although a draft demand was attached to Plaintiffs' Letter Motion. Defendants will continue to vigorously defend against the matter.

Paul Morris v. Gary Keller; Tom Lamphere; Jan Richey; CalTex Millennium, LLC; and Keller Williams Realty, Inc., Civil Action No. 23STCV21862, in the Superior Court of California, County of Los Angeles ("Litigation"). Gary Keller, Tom Lamphere, Jan Richey, CalTex Millennium, LLC, and Keller Williams Realty, Inc. are "Defendants." Plaintiff filed the Litigation on September 11, 2023, alleging a claim for intentional tort against Defendants and a claim for unjust enrichment against Keller Williams Realty, Inc. On January 4, 2024, Plaintiff filed a First Amended Complaint, alleging claims for Intentional Interference with a Prospective Business Advantage, Negligent Intentional Interference with a Prospective Business Advantage, and Unfair Competition against Defendants. Defendants filed a motion to compel Plaintiff's claims to arbitration and the court granted the motion. No demand in arbitration has been filed. Defendants will continue to vigorously defend against the matter.

Shauntell Burton, individually and on behalf of those similarly situated v. National Association of Realtors, Keller Williams, LLC, and Keller Williams Realty, Inc., Case No. 7:23-CV-056660-JD, in the United States District Court for the District of South Carolina. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on November 13, 2023, which alleges that the Defendants in this case conspired to require Plaintiffs home

sellers to pay buyer brokers' commissions at an inflated rate when listing a property on Multiple Listing Service ("MLS") sites within South Carolina, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

QJ Team, LLC and Five Points Holdings, LLC, individually and on behalf of all other persons similarly situated v. Texas Association of Realtors, Inc., et al., Case No. 4:23-CV-01013, in the United States District Court Eastern District of Texas, Sherman Division. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on November 13, 2023, which alleges that the Defendants in this case conspired to require Plaintiffs home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on certain Multiple Listing Service ("MLS") sites within Texas, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Christina Grace, individually and on behalf of all others similarly situated v. National Association of Realtors, et al., Case No. 3:23-cv-06352, in the United States District Court Northern District of California, San Francisco Division. Plaintiff filed this Moehrl copycat Class Action Complaint on December 8, 2023, which alleges that the Defendants in this case conspired to require Plaintiffs home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on a Multiple Listing Service ("MLS") sites within California, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1; and the California Business and Professions Code. Plaintiffs are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Julie Martin, et al., individually and on behalf of all others similarly situated v. Texas Association of Realtors, Inc., et al., Case No. 23-cv-1104, in the United States District Court Eastern District of Texas, Sherman Division. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on December 14, 2023, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on certain Multiple Listing Service ("MLS") sites within Texas, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Daniel Umpa, individually and on behalf of all others similarly situated v. The National Association of Realtors, et al., Case No. 23-cv-945, in the Western District of Missouri. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on December 27, 2023, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on all Multiple Listing Service ("MLS") sites in the United States, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement that will settle the claims brought in this case, the *Moehrl* case (discussed above), and the *Sitzer* case (discussed above). The settlement approval process and details of the settlement are in the *Sitzer* summary.

Willsim Latham, LLC, et al., individually and on behalf of all others similarly situated v. MetroList Services, et al., Case No. 24-cv-67, in the United States District Court Central District of California. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on January 18, 2024, which alleges that the Defendants in this

case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on the MetroList Multiple Listing Service site in California, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Dalton K. Jensen, et al., individually and on behalf of all others similarly situated v. The National Association of Realtors, et al., Case No. 24-cv-109, in the United States District Court of Utah. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on February 9, 2024, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on certain Multiple Listing Service ("MLS") sites within Utah, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Matthew Fetick and David Williams v. Gary Keller, William Soteroff, Mike McCarthy, John Clidy, Michele McBride, Mitch Johnson, and Silver Springs Endeavors, LLC, No. 24-cv03329-KNS, in the United States District Court for the Eastern District of Pennsylvania. Plaintiffs' claims are plead as violations of the RICO Act (against all defendants); and fraudulent misrepresentation, libel, and conversion (against Mr. Clidy and Ms. McBride). On October 7, 2024, Defendants filed a motion to dismiss for lack of personal jurisdiction, and in the alternative a motion to compel arbitration or to dismiss for failure to state a claim ("Motion"). The plaintiff filed an amended complaint and added certain allegations related to defendants' personal jurisdiction arguments, and on November 12, 2024, Defendants re-filed the Motion they originally filed. On April 8, 2025, the Court denied the motion to dismiss for lack of personal jurisdiction and granted Defendants' motion to compel the case to arbitration. The Court further ordered the case stayed and administratively closed. No demand in arbitration has been filed. Defendants will vigorously defend against the matter.

Vicki Coffey v. Fast Easy Offer LLC, GFSG LLC dba Keller Williams Realty Phoenix, and Keller Williams Realty, Inc., No. 24-cv-2725, in the United States District Court for the District of Arizona. Plaintiff filed this putative class action on October 9, 2024, alleging that Keller Williams Realty, Inc. is liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, by independent real estate agents associated with a franchisee market center. Plaintiff sued the franchisee market center and the business with which the real estate agents are allegedly affiliated. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. We will vigorously defend against this matter.

Renee Montalbano, individually and as Personal Representative of the Estate of Robert Montalbano, Nicholas Montalbano and Nina Montalbano ("Plaintiffs") v. Sarah Hawken, Joseph Ryan, TSJC Corp., d/b/a Lakeway Marina, RM Realty Associates of DE, LLC d/b/a Keller Williams Realty Moorestown, RM Realty Associates of Moorestown, George Denney, Michael L. McGavisk, and Keller Williams Realty, Inc. ("KWRI"), Case No. 1:24-cv-01255, in the United States District Court for the Western District of Texas, Austin Division ("Federal Court"). Plaintiffs served this action on KWRI on November 6, 2024, alleging a claim of respondeat superior. Plaintiffs allege that KWRI is vicariously liable for the damages caused to Plaintiffs by the conduct of Defendant Ryan, who Plaintiffs allege was KWRI's employee and was alleged to be grossly negligent. Defendant Ryan was never employed by KWRI. On March 25, 2025, Plaintiffs filed, in Federal Court, a Stipulation of Dismissal Without Prejudice. We understand that Plaintiffs intend to re-file their action in Texas state court. We will vigorously defend against this matter.

Kevin McFall v. Canadian Real Estate Association, et al., pending in Federal Court in Canada, Court File No. T-119-24. On January 18, 2024, the plaintiff filed a Statement of Claim against approximately 100 defendants in the residential real estate industry. The defendants included the Canadian Real Estate Association ("CREA"), various regional and local real estate boards and associations, real estate brokerages, and franchisors of various real estate franchises. The plaintiff alleges that the defendants violated subsection 45(1)(a) of Canada's Competition Act by conspiring with each other to fix, maintain, increase, or control the price of buyer brokerage services from March 11, 2010 through the present. The plaintiff seeks to certify the proceeding as a class action on behalf of the following class: "All persons, wherever they may reside or be domiciled, who sold residential real estate listed on a Multiple Listing Service owned and operated by a Regional Real Estate Board Defendant after March 11, 2010." On February 4, 2025, the plaintiff filed an Amended Statement of Claim naming Keller Williams Realty, Inc. ("KWRI") as a defendant. The case has effectively been stayed since the court issued a March 14, 2024 order that relieved all defendants of their obligations to file statements of defense and relieved the plaintiff of his obligation to file a motion to certify the class. The parties jointly requested the court to enter this order because of a pending appeal in another case asserting the same allegations and claims. This case is *Sunderland v. Toronto Regional Real Estate Board, et al.*, Court File No. T-595-21, and was filed in Federal Court in Canada on April 1, 2019. No entities affiliated with KWRI are defendants in *Sunderland*. On September 25, 2023, the court in *Sunderland* issued an order granting in part and denying in part the defendants' motions to dismiss. The court dismissed the Competition Act claim against the franchisor defendants. The parties appealed the order. The Federal Court of Appeal in Canada heard oral arguments in October 2024, but it has not issued a decision yet.

CONCLUDED

Eric Delgado, an individual v. Keller Williams Realty, Inc., Set Group, Inc. d/b/a/ Keller Williams Encino Sherman Oaks; Terri L. Arias; and Does 1-10, Case No. 01-23-0005-9971, in the Superior Court of the State of California, County of Los Angeles, Northwest District. Plaintiff filed the Complaint on December 29, 2023, which alleges claims for Declaratory Judgment, Declaratory Judgment of Non-Infringement, and Unfair Competition under California Business & Professional Code § 17200 et seq. against Keller Williams Realty, Inc. ("KWRI"); and claims for Conversion and Civil Recovery of Stolen Property Received under California Penal Code § 496 against Set Group, Inc. d/b/a/ Keller Williams Encino Sherman Oaks and Terri L. Arias. On or about May 21, 2024, Delgado dismissed with prejudice his claims against KWRI in exchange for KWRI approving the sale of his and his entity's interest in KWRI franchisee Set Group, Inc. d/b/a/ Keller Williams Encino Sherman Oaks to his former partner Terri L. Arias and releasing Delgado and his entity's responsibilities under the SET Group franchise agreement and Delgado's personal guaranty, except for certain post-transfer obligations, indemnification obligations, and deidentification obligations specified in the parties' settlement documentation.

Inga Dow v. Keller Williams Realty, Inc., John Davis, Go Management, LLC, David Osborn, Smokey Garrett, and Gary Keller; Civil Action No. 4:21-CV-1209-P, in the United States District Court, Northern District of Texas, Fort Worth Division. Plaintiff filed this action on November 2, 2021, alleging claims against Keller Williams Realty, Inc. under Title VII of the Civil Rights Act of 1964, the Texas Labor Code, and the Americans with Disabilities Act. Plaintiff alleged claims against Keller Williams Realty, Inc. for tortious interference, against Gary Keller for negligent supervision, and against others. All defendants filed a motion to dismiss and, Keller Williams Realty Inc. and Gary Keller also filed, in the alternative, a motion to compel arbitration. On September 9, 2022, the Court granted the motion to compel arbitration of the claims filed against Keller Williams Realty, Inc. and Gary Keller. The Court also stayed Plaintiff's claims against the other defendants. Keller Williams Realty, Inc. and Gary Keller will continue to vigorously defend against the matter. Without a finding or admission of liability, Keller Williams Realty, Inc. and Gary Keller agreed to a settlement and on or about September 25, 2023, Dow dismissed with prejudice her claims against KWRI and Keller.

Beverly DeShay v. Keller Williams Realty, Inc., Case No. 2022CA000457, in the Circuit Court of the

Nineteenth Judicial Court in and for Indian River County, Florida. Plaintiff filed this putative class action on June 29, 2022, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. We entered into a class settlement agreement that resolved the alleged claims. Under the terms of the settlement, we agreed to a settlement sum of $40 million, and we also agreed to create a TCPA task force to enhance compliance, make our existing TCPA/DNC resource page on KW Connect more visible to KWRI's franchisees and their independent real estate agents, and provide additional materials to our franchisees about TCPA/DNC compliance so they could use with their independent real estate agents. The settlement sum is for the payment of approved claims to class members, settlement administration expenses, the CAFA notice, and the award of attorney fees. The class administrator has not made a final determination of approved claims yet and the payment of the attorney fee award is being made pursuant to a payment schedule that will extend into 2025. The court issued final approval of the settlement on April 19, 2023.The case was dismissed with prejudice on April 19, 2023.

Danna St. John v. Keller Williams Realty, Inc., Civil Action No. 6:19-CV-1347, in the United States District Court for the Middle District of Florida. Plaintiff filed this action on July 22, 2019, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. The class settlement agreement entered in the *DeShay* case resolved the claims alleged in this case. The case was dismissed with prejudice on August 2, 2023.

Brian Hayhurst v. Keller Williams Realty, Inc., Civil Action No. 1:19-CV-657, in the United States District Court for the Middle District of North Carolina. Plaintiff filed this action on July 2, 2019, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. The class settlement agreement entered in the *DeShay* case resolved the claims alleged in this case. The case was dismissed with prejudice on August 1, 2023.

Bruce Wright, et al. v. Keller Williams Realty, Inc., et al., Civil Action Nos. 1:18-CV-775, 1:21-CV-76, 1:20-CV-835, in the Western District of Texas. Plaintiffs filed this action on May 2, 2018, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. Two other TCPA lawsuits were consolidated with this action, including one filed against the Troy Market Center. The class settlement agreement entered in the *DeShay* case resolved the claims alleged in this case. The case was dismissed with prejudice on August 7, 2023.*David G. Cunningham v. Richard G. Geha, JR Group, Inc., Keller Williams Realty, Inc.,* Case No. RG15754368 before the Superior Court of the State of California in the County of Alameda. On September 21, 2015, David G. Cunningham, an investor in JR Group, Inc., a franchisee operating a Market Center located in Pleasanton, California, named Keller Williams Realty, Inc. in a previously filed lawsuit against Richard G. Geha and JR Group, Inc., arising from claims that JR Group, Inc. breached a written contract with Mr. Cunningham by failing to repurchase his shares in JR Group, Inc. Plaintiff is pursuing a single cause of action against us for breach of the implied covenant of good faith and fair dealing. Plaintiff alleges that we failed to timely consider and act upon a request for approval of a transfer of his ownership interest. Plaintiff seeks an award of damages, costs of suit and for other relief deemed just and proper by the Court. We filed a motion to compel contractual arbitration, which was granted. The parties to the suit participated in a settlement conference in the Alameda Superior Court on July 18, 2017. Following the settlement conference, without a finding or admission of liability, we agreed to a settlement. Pursuant to this settlement, we paid $25,000 to Mr. Cunningham, approved the transfer of Mr. Cunningham's ownership interest in JR Group, Inc., and approved the transfer of the ownership interest of Andrew Greenwell, another investor in JR Group, Inc.

Mr. Cunningham's lawsuit against us was dismissed, such dismissal precluding Mr. Cunningham from initiating or prosecuting any arbitration proceedings against us.

James Havassy v. Keller Williams Realty, Inc., et al., Civil Action No. 2:21-CV-4609, in the Eastern District of Pennsylvania. Plaintiff filed this putative class action on September 24, 2021, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by two independent real estate agents associated with a franchisee market center. Plaintiff sought actual and/or statutory damages, costs and injunctive relief. This case was not part of the class settlement agreement entered in the *DeShay* case. Plaintiff dismissed this case with prejudice after we entered a settlement.

Wayne Garvey v. Keller Williams Realty, Inc., et. al. Civil Action No: 2-23-cv-920, in the United States District Court for the District of Nevada. Plaintiff filed this putative class action on June 12, 2023 alleging that Keller Williams Realty, Inc. is vicariously liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, by an independent real estate agent associated with a franchisee market center. Plaintiff named the real estate agent as a defendant as well. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. On November 1, 2024, Plaintiff voluntarily dismissed us without prejudice to refiling his claims.

Dr. Jeff Isaacs v. Keller Williams Realty, Inc., Makai Southeast, LLC, Equestrian Palms, LLC, Case No. 23-CIV-81393-RLR/BER, in the United States District Court for the Southern District of Florida. Plaintiff filed this putative class action on June 12, 2023 alleging that Keller Williams Realty, Inc. is vicariously liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, the Racketeer Influenced Corrupt Organization Act, 18 U.S.C. § 1962(c), abuse of process, and a violation of the Fair Housing Act, 42 U.S.C. § 3604, by an independent real estate agent associated with a franchisee market center. Plaintiff named the franchisee market center as a defendant as well. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. On November 15, 2023, Plaintiff filed an amended complaint to include a claim against KWRI and Makai Southeast, LLC for violations of the Sherman and Clayton Antitrust Acts, 15 U.S.C. §§ 1-2, and 15. On December 6, 2023, we filed a motion to dismiss. The Magistrate Judge recommended that the District Court grant our motion to dismiss in its entirety but allowed "one final opportunity to re-plead." Plaintiff filed a second amended complaint and then voluntarily dismissed the case without prejudice to refiling his claims.

Jerri L. Moulder P.C. and Jerri L. Moulder, individually and on behalf of all other similarly situated v. Keller Williams Realty, Inc., Case No. 5:24-cv-00292, in the United States District Court for the Western District of Texas at San Antonio. Plaintiffs filed a Class Action Complaint on March 22, 2024, alleging claims for Breach of Contract, Declaratory Relief, and Unjust Enrichment against Keller Williams Realty, Inc. arising from the approval of the Keller Williams International Associate Leadership Council ("IALC"), a council of Keller Williams real estate Associates, to implement changes to the Keller Williams Policies & Guidelines Manual, a policy and guidelines manual created and maintained by the IALC. The changes would reduce the amount of distributions from the Profit Sharing Program to eligible Keller Williams Associates who leave (or have already left) Keller Williams and join (or have already joined) a competitor. These changes have not been implemented and may never go into effect depending on an upcoming May 16, 2024 IALC vote to repeal the changes before they are implemented. . Plaintiffs seek to represent a nationwide class of individuals who joined a Keller Williams franchise before April 1, 2020, are eligible to receive distributions from the Profit Sharing Program, and have left Keller Williams and joined a competitor or will leave Keller Williams and join a competitor. Since this action was filed, other plaintiffs have filed copycat class action complaints in various federal courts throughout the U.S. based on the same yet-to-be implemented IALC approved changes to the Profit Sharing Program. Each of the Complaints is brought by a plaintiff who would be a member of the nationwide class alleged in the *Jerri L. Moulder P.C.* lawsuit. Plaintiffs dismissed their cases with prejudice after the changes were repealed and we entered a settlement.

Mauricio Cardero v. Keller Williams Realty, Inc., No. 24-cv-21490, in the United States District Court for the Southern District of Florida, Miami Division. Plaintiff filed this putative class action on April 19, 2024 alleging that Keller Williams Realty, Inc. is liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, by an independent real estate agent associated with a franchisee market center. Plaintiff sought actual and/or statutory damages, costs and injunctive relief. Plaintiff dismissed this case with prejudice after we entered a settlement.

Mark Ortega v. Keller Williams Realty, Inc. And KWWD, LLC, No. 24-cv-332, in the United States District Court for the Western District of Texas, San Antonio Division. Plaintiff filed an amended complaint in this putative class action case on June 26, 2024 alleging that Keller Williams Realty, Inc. and a franchisee market center are liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, by an independent real estate agent associated with the franchisee market center. Plaintiff filed a second amended complaint adding another franchisee market center and an individual agent as defendants and withdrew the class action allegations. Plaintiff sought actual and/or statutory damages, costs and injunctive relief. Plaintiff dismissed this case with prejudice after the parties entered a settlement.

On December 29, 2023, DRO L.A. LP ("Claimant") filed a Statement of Claim against Keller Williams Realty, Inc. with the American Arbitration Association, Case No. 01-23-0005-997, alleging claims for Declaratory Judgment, Anticipatory Repudiation, and Violation of California Franchise Relations Act for Termination Without Cause against Keller Williams arising from Keller Williams' decision to not enter into a new regional representative agreement after Claimant's Regional Representative Agreement expired on its terms. On February 7, 2024, Keller Williams filed a Response and Answering Statement to Claimant's Statement of Claim. On April 12, 2024, the Claimant filed a First Amended Statement of Claim, adding claims for Wrongful Termination, Failure to Renew, and Fraud in the Inducement. KWRI filed a Response and Answering Statement to Claimant's First Amended Statement of Claim, and on April 26, 2024, the parties filed Cross-Motions for Summary Judgment. KWRI's Motion for Summary Judgment was granted. Claimant dismissed the arbitration after the parties entered a settlement.

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We did not file any royalty collection or other suits against our market center franchisees during our previous fiscal year.

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Other than the 30 actions described above, no litigation is required to be disclosed in this Item. However, in the ordinary course of conducting a real estate business, our franchisees have been named in lawsuits related to the sale of real estate, and we, our Predecessor and some of the persons identified in Item 2 have been named as well. We do not consider these actions to be material.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Disclosure Document.

ITEM 5
INITIAL FEES

Initial Franchise Fee: We currently charge an initial franchise fee of $35,000 for a Market Center franchise, which includes $6,000 allocated to a subscription plan allowing certain of your personnel to participate in training and coaching programs. (See Item 11.)

You must pay the full initial franchise fee in a lump sum when you execute your Franchise Agreement. If we award you a franchise, the initial franchise fee is fully earned and nonrefundable. We are not obligated to refund or return any fees you paid if the Franchise Agreement is terminated for any reason. If the pre-paid training fee subscription is not used in full within 18 months from the date you sign your Franchise Agreement, any unused portion will be forfeited to us.

FSO Registration Fees: We require your Operating Principal, Team Leader and Market Center Administrator to attend Franchise Systems Orientation ("FSO"). We offer an in-person class option for a fee of $399 per person (as may be adjusted once a year according to changes in the prior year's Consumer Price Index). We also require that each of your Franchisee's Principals and other members of your Franchisee's Group we designate, in the Brand Standards Manuals or otherwise in writing, attend Franchise Systems Orientation and Investor Workshop before you open your Market Center and once every three years. So, if five persons attend in total, your aggregated FSO registration fees would be $1,995 for Franchise Systems Orientation. If your Operating Principal, Team Leader and/or Market Center Administrator pays a registration fee to attend Franchise Systems Orientation before our approval of a Market Center application or finalization of a Market Center Franchise Agreement, these registration fees will not be reimbursed following final execution of a Market Center Franchise Agreement or return of an unapproved Market Center application.

Technology Fee: On signing the Franchise Agreement, you must pay a $250 fee to be connected to our file transfer and electronic mail system. (See Item 11).

Business Center Fee: After you have opened and are successfully operating your Market Center, you may apply to open a Business Center. We currently charge an initial Business Center fee of $2,500 for the rights to operate a Business Center. You must pay the initial Business Center fee in a lump sum when you execute your Business Center Addendum. If we execute your Business Center Addendum to the Market Center Franchise Agreement, the initial Business Center fee is fully earned and nonrefundable. We are not obligated to refund or return any fees you paid if the Business Center Addendum or the host Market Center's Franchise Agreement is terminated for any reason.

Mega-Associate Office Fee: We may permit a Mega-Associate to establish and operate a Mega-Associate Office at the Market Center location or other location approved by us in writing. We currently charge an initial Mega-Associate Office fee of $2,500 for the right to operate a Mega-Associate office. You must pay the initial Mega-Associate Office fee when you execute your Mega-Associate Office Addendum. If we execute your Mega-Agent Office Addendum to the Market Center Franchise Agreement, the initial Mega-Associate Office fee is fully earned and non-refundable. We are not obligated to refund or return any fees you paid if the Mega-Associate Office Addendum or the host Market Center's Franchise Agreement is terminated for any reason.

Non-REALOR® Permitted Business Fee: When required by law, we will permit you to affiliate with a Permitted Business for you to operate a real estate brokerage with non-REALTOR® Associates. We currently do not charge an initial Non-REALTOR® Permitted Business Fee for the right to operate a Non-REALTOR® Permitted Business, but we may charge a fee up to $2,500 for the right to operate a Non-REALTOR® Permitted Business in the future.

Referral Associate Permitted Business Fee: When required by law, we will permit you to affiliate with a Permitted Business for you to operate a real estate brokerage for Referral Associates only. We currently do not charge an initial Referral Associate Permitted Business Fee for the right to operate a Referral Associate Permitted Business, but we may charge a fee up to $2,500 for the right to operate a Referral Associate Permitted Business in the future.

Commercial Addendum Fees: We may authorize you to perform commercial real estate brokerage services and to list and sell commercial real estate properties ("Commercial Real Estate Activities"), in addition to the residential real estate brokerage services contemplated under the Franchise Agreement. Currently, we do not charge our Market Centers for the right to conduct Commercial Real Estate Activities, although we may charge you for the right to conduct these activities in the future. We do currently charge individual Keller Williams Associates who choose to participate in our Commercial programs.

We reserve the right to deduct amounts directly from your bank account (via electronic funds transfer) to cover all fees, costs, and expenses (including the costs of electronic funds transfer). You must sign all required authorizations and adequately fund your bank account.

We impose the fees described in this Item uniformly on all franchisees who acquire a Market Center franchise under this Disclosure Document.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Production Royalty (Note 1)	6% of monthly Gross Commission Income.	On the 7th business day of the month.	Payment is due for preceding month.
Profit Sharing Contribution (Note 2)	A portion of your monthly profit, if any, calculated as described in Attachment F to the Market Center Franchise Agreement.	On the 7th business day of the month.	Payment is due on only the amount to which the profit sharing contribution relates.
Marketing Development Fee (Note 3 and Note 4)	$83.33 per month, but can be increased to $150 (or $1,000 per calendar year up to $1,500). We can also adjust the Marketing Development Fee once a year according to changes in the prior year's Consumer Price Index.	On the 7th business day of the month.	Payment is for development of public relations projects, marketing and advertising materials and activities.
Training Fees (Note 4)	Range from $60 to $2,500 per course and total approximately $10,200. We can adjust the Training Fee once a year according to changes in the prior year's Consumer Price Index.	Before your personnel attend a particular training session.	We provide your Operating Principal, Team Leader, Market Center Administrator, Franchisee's Principals and other members of your Franchisee's Group designated in the Manual or otherwise in writing with a variety of required courses that they must complete within 6 months or 18 months (as

Type of Fee	Amount	Due Date	Remarks
			applicable) after the effective date of your Franchise Agreement.
Regional Advertising Cooperative Fee (Note 4)	Up to ½% of monthly Gross Commission Income. We can adjust the Regional Advertising Cooperative Fee once a year according to changes in the prior year's Consumer Price Index.	On the 7th business day of the month.	Cooperatives are subject to the discretion and direction of the regional Associate Leadership Council. No cooperatives currently exist. (See Item 11).
International Advertising Fund Fee (Note 4)	Up to ½% of monthly Gross Commission Income. We can adjust the International Advertising Fund Fee once a year according to changes in the prior year's Consumer Price Index.	On the 7th business day of each month.	An international advertising fund is subject to the discretion and direction of the International Associate Leadership Council and may be initiated in the future. (See Item 11).
Franchise Systems Orientation Fee (Note 4)	$399 per person. We can adjust the Franchise Systems Orientation Fee once a year according to changes in the prior year's Consumer Price Index.	On demand.	Your Operating Principal, Team Leader, Market Center Administrator, each of your Franchisee's Principals, and other members of your Franchisee's Group that we designate are required to attend Franchise Systems Orientation. (See Item 11).
New and Annual Associate Fees (Note 4)	$25 per year per Associate, but can be increased up to $40 per year per Associate. We can also adjust the New and Annual Associate Fees once a year according to changes in the prior year's Consumer Price Index.	On association of each new Associate and in February annually based on January Associate count.	First payment of $25 is sent to us. Annual renewal is paid $20 to us and $5 to the Market Center. All Associates must pay this fee.
Late Transmittal/Closing Fee (Note 4)	$500 for each day a required report is late.	On demand.	Accrues each day that you fail to timely transmit/close monthly reporting.
Associate Technology Fee (Note 4)	$65 per month per Associate but can be increased up to $150 per month. This fee may be charged as two separate fees so long as it does not exceed the maximum fee	On the 7th business day of each month.	All Associates must pay this fee to support technology initiatives and maintain the agent sales platform. We may discount this fee for Market Center staff and Referral Associates.

Type of Fee	Amount	Due Date	Remarks
	per month per Associate. We can also adjust the Associate Technology Fee once a year according to changes in the prior year's Consumer Price Index.		
G-Suite Fee (Note 4)	$5 per agent per month but can be increased up to $10 per month. We can also adjust the G-Suite Fee once a year according to changes in the prior year's Consumer Price Index.	On the 7th business day of each month.	This fee is to support the provision of email and Google workspace accounts to Associates and staff in your Market Center.
Transfer Fee (Note 4)	$2,000 non-refundable plus our expenses related to the transfers of direct or indirect ownership interests in the franchisee entity; our cost for documenting approved transfers by or among Market Center equity interest holders. We can adjust the Transfer Fee once a year according to changes in the prior year's Consumer Price Index.	When a transfer occurs.	This fee is to cover our costs in reviewing and preparing your proposed transfer.
Successor License Fee (Note 4)	10% of then-current initial franchise fee or $5,000, whichever is less. We can adjust the Successor License Fee once a year according to changes in the prior year's Consumer Price Index.	Before the expiration date.	You must give us notice of your intent to enter into a new Franchise Agreement between seven and twelve months prior to the expiration of your Franchise Agreement. (See Item 17).
Offering Fee (Note 4)	$10,000 or amount of our expenses for review, whichever is greater. We can adjust the Offering Fee once a year according to changes in the prior year's Consumer Price Index.	Before offering.	This fee is to cover our costs in reviewing your proposed securities offering.
Holdover Fee (Note 4)	An additional 2% of Gross Commission Income on top of the standard Production Royalties. We can adjust the Holdover Fee once a year according to changes in the prior	Monthly if you are holding over under an expired Franchise Agreement.	This fee is payable if you do not timely sign our then current form of Franchise Agreement after the expiration of your Franchise Agreement and are still operating the Market Center after the term has expired.

Type of Fee	Amount	Due Date	Remarks
	year's Consumer Price Index.		
Liquidated Damages for Premature Closure during Holdover Period	An amount equal to the Production Royalties you paid to Company (or should have paid to Company) in the six months prior to closing the Market Center.	On demand.	This fee is payable if during a Holdover Period you close the Market Center without providing the required written notice.
Interest	18% or maximum rate permitted by law, whichever is less.	On demand.	Applies to any payment or fee that is late (other than profit sharing contribution). Note: 10% per annum is the highest interest rate allowed in California.
Late Payment Fees	$500 for each day a payment is late.	On demand.	Accrues each day payment of any monies owed to us are late. Note: 10% per annum is the highest interest rate allowed in California.
Accounting Fees	Cost of audit.	On demand.	If there is a variance in any report of more than 2%, you must pay cost of audit, including the auditor's travel, lodging and other expenses.
Relocation Services Fee	Between $100 and $300	Monthly.	Currently not required. We may impose only if franchisees are established in 75% of a metropolitan area.
Business Center Fee (Note 4)	$2,500. We can adjust the Business Center Fee once a year according to changes in the prior year's Consumer Price Index.	When you apply to open a Business Center.	This fee covers our cost in reviewing your application and preparing documentation.
Mega Associate Office Fee (Note 4)	$2,500. We can adjust the Mega Associate Fee once a year according to changes in the prior year's Consumer Price Index.	When you apply to open a Mega Associate Office.	This fee covers our cost in reviewing your application and preparing documentation.
Non-REALTOR® Permitted Business Fee (Note 4)	$0 but can be increased up to $2500. We can also adjust the Non-REALTOR® Permitted Business Fee once a year according to changes in the prior year's Consumer Price Index.	When you apply to open a Non-REALTOR® Permitted Business.	This fee covers our cost in reviewing your application and preparing documentation.

Type of Fee	Amount	Due Date	Remarks
Referral Associate Permitted Business Fee (Note 4)	$0 but can be increased up to $2500. We can also adjust the Referral Associate Permitted Business Fee once a year according to changes in the prior year's Consumer Price Index.	When you apply to open a Referral Associate Permitted Business.	This fee covers our cost in reviewing your application and preparing documentation.
MC Operating Software License and Upgrade Fees (Note 4 and Note 5)	Up to $1,500 fee; upgrade costs range from $100 to $1,500. We can adjust the MC Operating Software License and Upgrade Fees once a year according to changes in the prior year's Consumer Price Index.	At beginning of a term of the Franchise Agreement. Upgrade fee due at time of upgrade.	See Item 11 for a description of the MC Operating Software.
Connect Fee (Note 4)	$500 per month but can be increased up to $1,000 per month. We can also adjust the Connect Fee once a year according to changes in the prior year's Consumer Price Index.	On the 7th business day of the month.	Connect is available to all active Associates.
Accounting Software Upgrade and Maintenance Fee (Note 4)	$325 per year plus sales tax but can be increased up to $1,000 per year. We can also adjust the Accounting Software Upgrade and Maintenance Fee once a year according to changes in the prior year's Consumer Price Index.	Annually in July.	Initial cost of software is included in initial franchise fee. See Item 11 for a description of the Accounting Software.
KPA Fee (Note 4)	$500 per month. We can adjust the KPA Fee once a year according to changes in the prior year's Consumer Price Index.	Monthly.	This fee covers a subscription service for your Associates and potential Operating Principals, Team Leaders and MCAs to take behavioral assessments.
Research and Development Fees	Currently no fee to you.	Currently no due date.	You must conduct buyer/seller prospecting research and report results to us.
Deficiency Correction Fees	Our costs.	On demand.	We may charge for our costs to correct any deficiencies in your operation.
Indemnification	Varies according to loss.	On demand.	You must indemnify us for any loss incurred with any action, suit, proceeding claim, demand, investigation, inquiry or

Type of Fee	Amount	Due Date	Remarks
			settlement based upon patent, trademark or copyright issues or acts, errors and omissions or alleged infringement thereof by you or any of your Franchisee's Group (see below); violation or breach of the Market Center Franchise Agreement by you or any of your Franchisee's Group; any claim related to any violation of state, local or federal law or industry standard by or relating to you or any of your Franchisee's Group; any claim of libel, slander or defamation of us by you or any of your Franchisee's Group; any acts, errors or omissions related to the establishment and operation of the Market Center or with the Market Center's provision of services to third parties by you or any of your Franchisee's Group; any lawsuit brought by you or any of your Franchisee's Group against us in which you don't prevail. The Franchisee's Group includes you, your Controlling Principals and Principals, their affiliates, successors, and assigns and each of their respective directors, officers, shareholders, members, managers, partners, attorneys, servants, employees, Associates, independent contractors, and representatives.
Attorney Fees and Related Costs	Damages, costs, expenses, and reasonable attorney fees.	On demand.	Fees are imposed when we have to enforce obligations involving, among other things, confidentiality, default and termination under the Franchise Agreement.
Technology Fee (Note 4)	$79 per month, but can be increased up to $300 per month. We can also adjust the Technology Fee once a year according to changes in the prior year's Consumer Price Index.	On the 7th business day of the month.	You must pay fee to remain connected to our electronic systems. (See Item 11.)

Type of Fee	Amount	Due Date	Remarks
Conventions Assessment	Up to $1,000 per year.	On request.	We may require you to pay up to $1,000 to cover costs of our annual conventions (currently Family Reunion, Mega Leadership Camp and Mega Camp). You will be separately responsible for all costs of your personnel and other guests attending any convention, including registration fees, transportation, lodging, meals, and wages.
KW Prep + Continuing Education "CE" Fee (Note 4)	Currently $199 per month but can be increased up to $1,000. We can also adjust the KW Prep + Continuing Education "CE" Fees once a year according to changes in the prior year's Consumer Price Index.	On the 10th day of each month.	KW Prep + CE is an optional program available to Franchisees who do not have Keller Successful Career Opportunities in Real Estate currently offered in their state. KW Prep is a course that prepares licensed or non-licensed agents to learn and engage in activities that will prepare them to operate a real estate business. You will also be eligible to receive 20% of any revenue collected by the provider on any purchased CE courses that are affiliated with your franchise. See Exhibit H.
"KSCORE" (Note 4)	$599 per month, but can be increased up to $2,000 per month. Additional $199 per month for adding a 3rd administrator or adding a second state offering. We can adjust the KSCORE Fees once a year according to changes in the prior year's Consumer Price Index.	On the 10th day of each month.	KSCORE is an optional program. We have partnered with a third-party educational company to offer individual "Students" interested in becoming licensed real estate agents and actively licensed real estate agents the opportunity to obtain certain resources to study for their real estate agent exam or receive continuing education "CE" training. In addition, if you participate, we will provide access to additional materials, such as instructional documents and videos, intended to support Students in their personal and professional development. You will also be eligible to receive 20% of any revenue collected by the provider on any purchased CE courses that are affiliated

Type of Fee	Amount	Due Date	Remarks
			with your franchise. See Exhibit G.
Force Majeure	Payment of agreed minimum fees.	During the period in which the Market Center is not fully in operation.	If you must relocate your Market Center because of a Force Majeure event, we may require you to pay only a minimum fee to assist you during relocation, or we may waive this fee depending on the circumstances of the Force Majeure event.
New Developments in Technology and New Offerings Fee (Note 4)	$0 but can be increased up to $1,000 per year. We can also adjust the New Developments in Technology and New Offerings Fee once a year according to changes in the prior year's Consumer Price Index.	On demand.	We reserve the right to add new fees or charges related to new developments in technology and new offerings that may become available to the System and you Franchisee during the term of your Franchise Agreement.
Liquidated Damages for Failure to Comply with Post-Termination Obligations	$500 per day for each day that you fail to perform your post-termination obligations.	On demand.	Payable if you fail to perform your post-termination obligations and holdover operations of the Market Center
Lost Profits	An amount equal to the monthly average of all amounts which you have paid us (or were required to have paid us) as Production Royalty and other fees in Section 5.03 of the Franchise Agreement from the Effective Date of the Franchise Agreement to the termination date multiplied by the number of months (or partial months) remaining in the Term.	30 days from demand.	Payable in connection with any premature termination of the Franchise Agreement other than via mutual consent of the parties.

Notes:

** We reserve the right to deduct amounts directly from your bank account via electronic funds transfer to cover all fees, costs and expenses in your Franchise Agreement including the costs of electronic funds transfer. You must sign all authorizations required and adequately fund and maintain your bank account.

(1) **Production Royalty:** You must pay us a nonrefundable monthly Production Royalty equal to 6% of Gross Commissions Income (defined below). You must authorize us to deduct the Production Royalty (and other fees) from a bank account you maintain at any time on the 7th business day of the month with respect to Gross Commission Income and fees owed for the preceding month. Business day means any day other than a day that banks are authorized by federal law to close. You must pay the Production Royalty and all other fees this Item 6 describes by electronic transfer of funds.

If we do not receive the Production Royalty or other fees and charges to us on time, we may charge you a late payment fee of $500 per day for each day the payment is late. This fee is reasonably related to our costs, is not a penalty, and is in addition to any other remedy we may have under the Franchise Agreement for your failure to timely pay your Production Royalty or other fees and charges to us.

"Gross Commissions Income" or "GCI" means Gross Commissions that a Franchisee receives, including any bonuses and referral fees received, minus any referral fees paid by the Franchisee to other brokerages.

It is our current policy to set an annual cap on each Associate's Production Royalty. The cap is currently $3,000 per Associate in Production Royalty. We reserve the right to increase the annual cap on Production Royalty during the Term to an amount not to exceed $4,000 per Associate in Production Royalty. The percentage of the GCI that is used currently to calculate the Production Royalty amount is 6%. We reserve the right to modify or eliminate this cap in our discretion.

(2) **Profit Sharing Contribution:** The profit sharing contribution is paid by each franchisee into the profit sharing account. We administer the profit sharing account and use the funds contributed to the profit sharing account to compensate franchisees and their Associates for the recruiting of producing Associates into profitable Market Centers. The profit sharing contribution is a portion of your monthly profit (if any) calculated as described in Attachment F to the Market Center Franchise Agreement. You must authorize us to deduct the profit sharing contribution from a bank account you maintain at any time on the 7th business day of the month following the month to which the profit sharing contribution relates.

The profit sharing contribution is currently uniformly imposed in the manner described on all franchisees in the United States and Canada under this Disclosure Document; however, the actual amount of the contribution will vary from franchisee to franchisee based on the results of the calculations described in Attachment F to the Franchise Agreement.

If we do not receive the Profit Sharing Contribution on time, we may charge you a late payment fee of $500 per day for each day the payment is late. This fee is reasonably related to our costs, is not a penalty, and is in addition to any other remedy we may have under the Franchise Agreement for your failure to timely pay your Profit Sharing Contribution to us.

(3) **Marketing Development Fee:** We require you to pay us or our designee up to $1,000 per calendar year to develop certain literature, public relations programs, marketing and advertising materials and activities for the benefit of the Market Centers. We will not require you to pay more than $250 for any specific project, unless you agree otherwise. (See Item 11).

(4) **Consumer Price Index Adjustment:** Amounts subject to inflation adjustment in this disclosure may be adjusted by us annually in our sole and absolute discretion in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. We will notify you of any such adjustment.

(5) **MC Operating Software License and Upgrade Fees:** Upon execution of the Franchise Agreement, we may require you to pay up to a $1,500 fee plus any applicable sales tax, attached as Attachment D to the Franchise Agreement. Additionally, if we make any changes to the programs as described in the Software License, we will make the upgrades available to you and may charge you a reasonable fee. (See Item 11).

The fees and expenses described in this Item 6 are nonrefundable. The fees and expenses will be uniformly imposed on all franchisees subject to this offering; however, the fees and expenses may vary given the applicable circumstances. Any applicable sales tax due based on fees or expenses will also be charged to franchisees. Except as described above, no payment of fees and expenses is imposed or collected on behalf of any third party. Except as specifically stated above, the amounts of certain fees and expenses may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A MARKET CENTER

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$35,000	Cash	On execution of the Franchise Agreement (See Item 5)	KW
Other Initial Fees (2)	$1,447 to $2,245	Cash	As incurred	KW
Broker License (3)	$1,500 to $5,000	Cash	Before opening	State authorities
Professional Association or Organization Fees, such as the National Association of REALTORS® or local Real Estate Board (if applicable) (4)	$500 to $2,000	Cash	Before opening	Applicable associations or organizations, if any
Local MLS Memberships (if applicable)	$100 to $250	Cash	As incurred	Local Multiple Listing Service, if applicable
Insurance (5)	$5,000 to $15,000	Vendor's terms	Before opening	Insurance Companies

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Lease and Utility Deposits (6)	$3,700 to $10,000	Vendor's terms	Before opening	Landlord/Utility Companies
Leasehold Improvements (7)	$5,000 to $50,000	Vendor's terms	Before opening	Vendors
Office Furniture, Equipment, Phone and Computer Systems (8)	$40,000 to $110,000	Vendor's terms	Before opening	Vendors
Exterior Signs (9)	$5,000 to $10,000	Vendor's terms	Before opening	Vendors
Office Supplies	$3,900 to $7,000	Vendor's terms	Before opening	Vendors
Professional Fees (10)	$5,000 to $10,000	Vendor's terms	As billed	Vendors
Advertising (11)	$2,500 to $5,000	Vendor's terms	As billed	Vendors
Additional Funds - 3 months (12)	$75,000	Cash	As needed	Not Applicable
TOTALS (13)	**$183,647 to $336,495**			

Notes:

* Unless otherwise stated, none of the expenses described in this chart are refundable.

(1) The initial franchise fee is not refundable.

(2) Includes the Franchise Systems Orientation Registration Fee and the Technology Fee described in Item 5. The low range amount assumes you will send three people to Franchise Systems Orientation on demand, which includes your Operating Principal, Team Leader, and Market Center Administrator. The high range amount assumes you will send five people to Franchise Systems Orientation on demand. We require that all Franchisee's Principals and certain other members of your Franchisee's Group, designated in the Brand Standards Manuals or otherwise in writing, attend Franchise Systems Orientation.

(3) Your Operating Principal must be, or you must secure the services of, a real estate broker duly licensed in the state in which the Market Center will be located.

(4) Your actual fees may be increased by the applicable professional associations or organizations in relation to the number of your independent Associates who establish membership in them, if any. KW does not require membership or participation in any national, state or provincial, or local REALTOR® associations or in any other trade associations or organizations. Each Market Center may establish its own guidelines.

(5) You must carry insurance for comprehensive general liability, professional errors and omissions, liability, workers' compensation and employers liability (unless your state requires a particular

qualifying plan), automobile liability and any other insurance as required by the state or locality in which your Market Center is located, and maintain these insurance coverages in the amounts specified in Item 8. The actual premiums for insurance will vary from the estimated semi-annual premiums provided above depending on certain factors unique to each franchisee, such as location, staff size, business volume, claims experience and deductibles selected.

(6) We anticipate that you will lease the space for your Market Center. The lower estimate assumes that you pay an initial monthly rent in the amount of $3,700 (based on an estimated 2,000 square foot Market Center leasing for a monthly rental of $22 per square foot), that you are not required to pay an additional month's rent as a deposit, and that you pay only $500 in utility deposits. The higher estimate assumes that you pay two months' rent at $4,500 per month (2,200 square feet at $24.50 per square foot) and that you pay $1,000 in utility deposits. The price per square foot could range from $35 to $40 in certain markets. The deposit and periodic rental required under any lease will vary depending on a number of factors, including the size and location of the premises, the condition of the premises, and the term of the lease. The costs of the utility deposits will vary depending on the utility services required and whether these services are paid for in full or in part by your landlord.

(7) You must finish out and furnish the Market Center premises according to our standards and specifications. The cost of the leasehold improvements will vary greatly depending on the condition of the space, its previous use and the improvements necessary to meet our standards and specifications. The costs also will vary geographically depending on labor and material costs, and whether the landlord will incur some of the leasehold improvement costs or include those costs in your monthly lease payment.

(8) You must have certain office equipment that allows you to operate the Market Center in accordance with the Brand Standards Manuals, including a computer capable of communicating online with our systems and other equipment described in the Brand Standards Manuals or otherwise required in writing. In addition, you must acquire computer hardware and software sufficient to satisfy your needs, which may include word processing, obtaining Multiple Listing Service ("MLS") data, communicating on the internet, virtual meeting room equipment and set up, and high-speed internet connections. The actual cost of that equipment will vary depending on the quality and quantity of computer equipment you acquire and whether the equipment is purchased or leased. (See Items 6 and 11).

You must also obtain a telephone system that will meet our standards and specifications, as well as service the needs of your Market Center and your personnel. The costs will vary depending on whether you purchase or lease, the brand you select, and the number of Associates and other personnel with which you initially staff your Market Center.

(9) You must obtain and maintain the exterior signs required for your Market Center that meet our standards and specifications. The selection and design of your exterior sign must be approved by our Franchise Systems Department. Signage is regulated by local ordinance and restrictive covenants imposed by landlords. In addition to meeting our specifications and standards for signage, you must comply with those local ordinances and restrictive covenants applicable to the Market Center premises.

(10) We anticipate that you will retain the services of an attorney and an accountant to review the Franchise Agreement and to establish the Market Center. The expenses for these services will vary depending on the rates of the professionals you actually retain.

(11) We may require that you spend at least $500 per month on local advertising in addition to certain other advertising contributions that we may require. (See Item 11). Marketing related expenses for Associates' marketing efforts, including the costs of signs, forms, copies and certain advertising, are determined by Associates consistent with their marketing efforts and generally are paid by the individual Associates.

(12) You must, at all times during the term of your agreement, maintain sufficient funds to fulfill your obligations under the Franchise Agreement in an amount not less than three times the monthly expenses of the Market Center, or as otherwise described in the Brand Standards Manuals. Additionally, we anticipate that you will need to maintain a minimum of $75,000 to $150,000 in readily available funds to satisfy your obligations during the initial three months of operations. These figures are estimates of the amounts needed to cover your expenses for the start-up phase of your business, including: three months' lease payments; the cost of three months' advertising and promotional expenditures; three months' payroll for employees; utilities and telephone service for three months and other inventory costs. We estimated the start-up phase to be three months from the date the Market Center opens for business. The amounts also include estimated costs of the Operating Principal, Market Center Administrator and Team Leader to attend Franchise Systems Orientation as described in Item 11. When you sign the Market Center Franchise Agreement, you must have at least $150,000 on deposit in your name in a federally insured bank account. These figures are estimates and we cannot assure you that you will not have additional expenses starting the Market Center. These amounts do not include any estimates for debt service. They also do not include salaries for other office personnel who are not initially required for the operation of a Market Center. All of these amounts are based on our knowledge of the past operating experience of our franchisees' Market Centers. The needs for each Market Center will vary depending on market conditions unique to that Market Center, such as the number of Market Centers or real estate brokerages in proximity to the Market Center, the number of Associates operating from the Market Center and the volume of real estate listings taken and sold at the Market Center.

(13) The initial investment required to begin operations as a franchisee will vary greatly depending on many factors unique to a particular franchisee or Market Center. The list of costs described above is an estimate and should be considered as a guide only. These estimates are based on recent experience our franchisees have reported. Except as otherwise indicated above, we do not anticipate that any of these initial costs will be refundable. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control. Neither we nor any of our affiliates offer any financing for your initial investment.

YOUR ESTIMATED INITIAL INVESTMENT FOR A KELLER WILLIAMS BUSINESS CENTER*

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Business Center Fee (1)	$2,500	Cash	On execution of the Business Center Addendum	KW
Broker License (2)	$0 to $10,000	Cash	Before opening	State Authorities
Professional Association or Organization Fees, such as the National Association of REALTORS® or local Real Estate Board (if applicable) (3)	$0 to $1,500	Cash	Before opening	Applicable associations or organizations, if any

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Local MLS Memberships (if applicable)	$0 to $250	Cash	As required	Local Multiple Listing Service (if applicable)
Insurance (4)	$500 to $1,500	Vendor's terms	Before opening	Insurance Companies
Initial Lease Payment and Lease and Utility Deposits (5)	$1,500 to $3,000	Vendor's terms	Before opening	Landlord/Utility Companies
Leasehold Improvements (6)	$4,000 to $20,000	Vendor's terms	Before opening	Vendors
Office Equipment and Computer Systems (7)	$4,000 to $11,000	Vendor's terms	Before opening	Vendors
Exterior Office Signs (8)	$1,500 to $3,000	Vendor's terms	Before opening	Vendors
Initial Office Furniture (9)	$2,000 to $5,500	Vendor's terms	Before opening	Vendors
Initial Office Supplies (10)	$1,100 to $3,000	Vendor's terms	Before opening	Vendors
Initial Printed Materials (11)	$900 to $1,500	Vendor's terms	Before opening	Vendors
Professional Expenses (12)	$500 to $1,500	Vendor's terms	At time of service	Vendors
Initial Phone Systems (13)	$200 to $2,000	Vendor's terms	Before opening	Vendors
Initial Advertising (14)	$1,000 to $2,400	Vendor's terms	At time of opening	Vendors
Additional Funds - 3 months (15)	$9,900 to $19,500	Cash	As needed	Not Applicable
TOTALS	**$29,600 to $88,150**			

Notes:

* Unless otherwise stated, none of the expenses described in this chart are refundable.

(1) The initial Business Center fee is nonrefundable.

(2) In addition to having a licensed broker for the Market Center, you may need to secure for the Business Center the services of a real estate broker duly licensed in the state in which the Business Center will be located. This requirement depends on local laws and regulations.

(3) Your actual fees may be increased by the applicable professional associations or organizations in relation to the number of Associates who establish membership in them, if any. KW does not require membership or participation in any national, state or provincial, or local REALTOR® association or in any other trade associations or organizations. Each Market Center may establish its own guidelines.

(4) You must carry insurance for comprehensive general liability, professional errors and omissions, liability, workers' compensation and employers liability (unless your state requires a particular qualifying plan), automobile liability and any other insurance as required by the state or locality in which your Business Center is located, and you must maintain these insurance coverages in the amounts specified in Item 8 for the Business Center. The actual premiums for insurance will vary from the estimated semi-annual premiums provided above depending on certain factors unique to each franchisee, such as location, staff size, business volume, claims experience and deductibles selected. If permitted, you may carry the Business Center on a rider to the policies for the Market Center.

(5) You must obtain a location for the Business Center that is acceptable to and approved by us in advance in writing. We anticipate that you will lease the Business Center. The lower estimate assumes that you pay a monthly rent in the amount of $1,000, that you are not required to pay an additional month's rent as a deposit, and that you pay only $500 in utility deposits. The higher estimate assumes that you pay two months' rent at $1,000 per month and that you pay $1,000 in utility deposits. The deposit and periodic rental required under any lease will vary depending on a number of factors, including the size and location of the premises, the condition of the premises and the term of the lease. The costs of the utility deposits will vary depending on the utility services required and whether these services are paid for all or in part by the landlord of the Business Center premises.

(6) You must finish out the Business Center premises according to our standards and specifications. We provide sample floor plans in the Brand Standards Manuals. The cost of the leasehold improvements will vary greatly depending on the condition of the space, its previous use and the improvements necessary to meet our standards and specifications. The costs also will vary geographically depending on labor and material costs, and whether the landlord will incur some of the leasehold improvement costs or include those costs within your monthly lease payment. The finish schedules describe estimated costs of tile, carpet, paint, wall covering and trim required for the Business Center.

(7) We anticipate that you will need to have certain office equipment to operate the Business Center including, a photocopier, a voice mail system, a high-speed internet connection and a computer capable of communicating online with our systems and other equipment described in the Brand Standards Manuals or otherwise required in writing. In addition, you must acquire other computer hardware and software sufficient to satisfy your needs, which may include word processing, obtaining MLS data and communicating on the internet, virtual meeting room equipment and set-up, and high-speed internet connections. The actual cost of the equipment will vary depending on conditions unique to that Business Center, such as the number of Associates operating from the Business Center and the volume of real estate listings taken and sold at the Business Center, the quality and quantity of computer equipment acquired and whether the equipment is acquired through purchase or lease. (See Items 6 and 11).

(8) You must obtain and maintain the exterior signs required for your Business Center meeting our standards and specifications. The selection and design of your exterior sign must be approved in advance by our Franchise Systems Department. Signage is regulated by local ordinance and restrictive covenants imposed by landlords. In addition to meeting our specifications and standards for signage, you must comply with the local ordinances and restrictive covenants applicable to the Business Center Premises.

(9) You must furnish the Business Center consistent with our standards and specifications. This will include furnishing the reception area, conference rooms and the offices for the Associates and personnel.

(10) The figures listed in the chart above are an estimate of the cost of the initial office supplies necessary to outfit your Business Center and personnel.

(11) You must obtain an initial inventory of printed materials, stationery and business forms.

(12) We anticipate that you will retain the services of an attorney and an accountant in establishing the Business Center and will pay fees. The expenses for these services will vary depending on the rates of the professionals you actually retain.

(13) You must obtain a telephone system that will meet our standards and specifications, as well as service the needs of your Business Center and its personnel. The costs will vary depending on whether you purchase or lease, the brand you select, and the number of Associates and other personnel with which you initially staff your Business Center.

(14) We may require you to spend an amount sufficient to promote the Business Center. Marketing related expenses for Associates' marketing efforts, including the costs of signs, forms, copies and certain advertising, are determined by Associates consistent with their marketing efforts and generally are paid by the individual Associates.

(15) You must maintain sufficient funds to fulfill your obligations under the Addendum to the Franchise Agreement for the Business Center. We anticipate that you will need to maintain a minimum of $9,900 to $19,500 in working capital in order to satisfy your obligations during the initial three months of operations and continue to maintain sufficient funds to cover three months of expenses throughout the term of the Franchise Agreement. These figures are estimates of the amounts needed to cover your expenses for the start-up phase of your business, including: three months' lease payments; the cost of three months' advertising and promotional expenditures; three months payroll for employees; utilities and telephone service for three months and other inventory costs. Generally, at the time you sign the Business Center Addendum, we require you to have access to $50,000 in cash and provide to us evidence of its availability in a form we approve. These figures are estimates and we cannot assure you that you will not have additional expenses starting the Business Center. These amounts do not include any estimates for debt service. These amounts are based on the operating experience of our franchisees. The needs for each Business Center will vary depending on conditions unique to that Business Center, such as the number of Market Centers or other real estate brokerages in proximity to the Business Center, the number of Associates operating from the Business Center and the volume of real estate listings taken and sold at the Business Center. If the total sales volume of the Business Center exceeds 25% of the volume of the Market Center, then we may require you to convert the Business Center to a full-service Market Center.

Except as otherwise indicated above, we do not anticipate that any of these initial costs will be refundable. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control. Neither we nor any of our affiliates offer any financing for your initial investment in the Business Center.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Market Center in compliance with our then-current methods, standards, and specifications, as stated in the Franchise Agreement and the Brand Standards Manuals. Failure to operate your Market Center in compliance with the Brand Standards Manuals will be a material default. You must maintain in sufficient supply, and use at all times, only those materials and supplies that conform to our standards and specifications, unless we give you written permission to deviate. You must provide only those services that we expressly approve for delivery by a Market Center, and you must offer all types of

services we specify. You must provide these services in compliance with the terms of the Franchise Agreement and Brand Standards Manuals and discontinue offering any services from which we withdraw our approval. We reserve the right to inspect and to audit your compliance and to require correction of all deficiencies at your cost.

You must purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including computer hardware and software), décor items, signs and other items that we direct you to use in the Brand Standards Manuals or otherwise in writing from time to time. Conversely, you must refrain from installing or you must remove any fixtures, furnishings, equipment, décor items, signs or other items we have not previously approved as meeting our standards and specifications. You must obtain all approvals we require in the Brand Standards Manuals before purchasing, leasing or installing any fixtures, furnishings or equipment.

Other than the accounting software and back-up software, we do not require that you buy anything from sources we specifically designate. However, you must obtain proprietary supplies, materials, furnishings and equipment only from suppliers who meet our then-current standards and specifications for these items and who possess adequate quality controls and capacity to supply your needs promptly and reliably. Our standards and specifications are issued and modified from time to time through the Brand Standards Manuals. We provide copies of our standards and specifications to suppliers who wish to be recognized and who qualify as approved vendors or providers.

We have developed a national vendor program as part of Keller Williams Vendor Network program. We review and select interested vendors to participate in the program for specific calendar years through an application process. Vendors must renew and be accepted into the program annually. To be eligible, a vendor must be capable of providing widespread distribution and comply with our then-current program standard and procedures. As part of the application process, vendors must provide us with extensive information about their products or services, their customer satisfaction history, and their financial condition. As part of the program, the vendor must agree to sponsor various company events, such as our annual company convention (e.g., Family Reunion, etc.). Individual vendor sponsorship costs to participate in this program are at least $10,000 per year. Although we are not contractually required to do so, we will generally notify a vendor of approval or disapproval of their application within 30 to 60 days after we receive the required information. We allow our national vendors to market their products and services directly to our Market Centers and Associates and to identify themselves as part of the national vendor program. The goal of the program is to help you and your Associates build your business through national relationships at the local level. Except for proprietary products and services that you must obtain from us, such as the MC Operating Software, we do not require that our Market Centers or Associates buy any national vendor's products or services. For questions or more information on how to take advantage of the opportunities available from the national vendor program, please contact approvedvendor@kw.com.

Gary Keller is an owner of KP Publishing Partners, Ltd. Mr. Keller, together with certain other executives listed in Item 2, and/or other third parties have direct or indirect ownership interests in KW Insurance, Ltd., which is in the process of winding down its operations. Mr. Keller and other third parties have direct or indirect ownership interests in KM Dublin, LLC (f/k/a Keller Mortgage, LLC), which sold substantially all of its business assets to Mutual of Omaha Mortgage, Inc., which is operating the business as Keller Home Loans. Mr. Keller, together with certain other executives listed in Item 2, and/or other third parties have a minority ownership interest in TKW Holdings, LLC, which in March 2024 acquired our former affiliate Keller Title, LLC and our former affiliate Real Intelligent Sales Engagement, LLC. Mr. Keller, together with certain other executives listed in Item 2, and/or other third parties have direct or indirect ownership interests in Keller Williams, LLC, Keller Williams, Inc., Keller Williams Brokerage, LLC, and Conveyance Pros, LLC, all of which businesses are no longer in operation. See Item 1 of this Disclosure Document for a description of the products and services, if any, currently offered by these affiliated suppliers. Other than these interests, none of our officers currently own an interest in any of our suppliers.

Strategic Alliances: As described in Item 1, we continue to explore and enter into strategic alliances with affiliated or third party providers of ancillary services. At this time, whether a Market Center enters into a business relationship with one of our affiliated or third-party strategic alliance providers is optional at the Market Center's discretion and should be undertaken with the advice of their counsel knowledgeable about the Real Estate Settlement Procedures Act. We have the right to offer any or all of these services directly or through our affiliates to the Market Center's Associates. In addition, we and our affiliates have the right to offer any of these services to third parties unaffiliated with Keller Williams (such as other real estate brokerages and non-Keller Williams real estate agents).

If a Market Center declines to enter into a business relationship with one of our strategic alliance partners, we will still have the right to offer the services directly to the Market Center's Associates. In addition, if a Market Center declines to enter into a business relationship with one of our strategic alliance partners, we will still have the right to offer the declined services to third parties unaffiliated with Keller Williams (such as other real estate brokerages and non-Keller Williams real estate agents).

Entity Creation and Maintenance: You must, at your expense, create a single-purpose business legal entity of a type of your choosing in a form approved by us that will operate your business. You are responsible for maintaining the entity in compliance with applicable state, local, and federal law, as well as our guidelines and standards.

Site Selection and Construction: You must obtain our advance written approval of the site for your Market Center before you acquire the site by purchase or lease.

You must independently obtain any architectural engineering and design services you require for the construction or remodeling of the Market Center at your own expense. We must approve the plans and specifications.

MC Operating Software: If you enter into a Franchise Agreement with us, we will provide you with our proprietary MC Operating Software, which is an integrated system of software we have developed that you will be required to use in the operation of the Market Center. You must sign the Software Franchise Agreement attached to the Franchise Agreement. You will not pay any additional initial fee for this software under the Software Franchise Agreement, except that we may require you to pay up to a $1,500 in order to continue the Software License under the Franchise Agreement. You will also be responsible for any applicable taxes. See Item 11 for a detailed description of the MC Operating Software, compatible hardware, and other related costs and upgrade expenses. We reserve the right to upgrade and modify the software designated as the MC Operating Software at any time and to replace any of its components with other software that performs comparable functions. We have currently designated CommandMC and supporting applications as the current MC Operating Software.

Connect: You must subscribe to Connect, our audio/video, live and on demand streaming program, throughout the term of the Franchise Agreement. Connect is available online and through recorded media. You must pay a monthly subscription fee of up to $1,000 per Market Center. The current subscription fee is $500 per month per Market Center.

KW Marketplace: As stated in Item 1, we launched KW Marketplace in August 2019 to provide our Associates easy, one-stop access to technology products, services, and other applications that we believe can enhance the Associate's experience. KW Marketplace is optional for you and your Associates.

Internet Connection: You must obtain a high-speed internet connection for the purpose of accessing our systems. This requirement is described in more detail in Item 11.

Insurance: Before beginning operations under the Franchise Agreement, you must obtain and maintain in full force and effect during the term of the Franchise Agreement certain insurance coverage as specified in the Franchise Agreement. The insurance coverage must be obtained from an admitted, responsible carrier or carriers acceptable to us in our discretion, with a rating of at least "A" by Standard and Poor, Moody's and A.M. Best, and must include, at a minimum, the following:

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, fire damage, advertising and products liability coverage, in the minimum amount of $1,000,000 per occurrence for bodily injury and property damage.

2. Workers' Compensation and Employers Liability Insurance in the minimum amount of $500,000 for bodily injury per accident, $500,000 for bodily disease per employee, $500,000 bodily disease policy limit, or such other amounts as may be prescribed by the state or locality in which the Market Center is located, unless your state requires that employers must participate in a state-administered insurance pool (in which case you must adopt and implement a qualifying plan).

3. Automobile liability coverage, including coverage of any owned, non-owned and hired vehicles, in amounts not less than $1,000,000 combined single limit.

4. Errors and omissions liability insurance in the minimum amount of $1,000,000 per occurrence covering real estate brokerage services plus any other approved services and products, as applicable, that any person associated with the Market Center offers. For Market Centers that support commercial real estate activities, E&O liability insurance covering commercial real estate brokerage services and all offered ancillary practices must not be less than $2,000,000 per occurrence.

5. Other insurance as may be required by the state or locality in which the Market Center is located.

7. Each policy, except workers' compensation, must name Keller Williams Realty, LLC and Keller Williams Realty Holdings LLC as additional insureds. All policies must be endorsed to include a waiver of subrogation in our favor and our subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, servants, representatives, independent contractors and Associates.

You may, with our written consent, elect to have reasonable deductibles for the coverages described in above.

All policies, except workers' compensation, must name Keller Williams Realty, LLC and Keller Williams Realty Holdings LLC as additional insureds.

In addition, we recommend, but do not require you to carry the following insurance coverage: (i) Employment Practices Liability Insurance written on a "claims made" policy form in an amount of not less than $300,000 combined single limit per occurrence and $300,000 in the aggregate and (ii) Cyber Liability Insurance, in an amount not less than $5,000,000 per claim and annual aggregate.

Advertising and Trademarks: All advertising and promotional materials, signs, decorations, paper goods, including all forms and stationery used in the Market Center, and other items which we may designate must bear the Trademarks in the form, color, location and manner we require. In addition, all of your advertising and promotion in any medium must conform to our then-current standards and

requirements as provided in our Identity & Style Guide, the then-current Brand Standards Manuals or otherwise. You must obtain our written approval before using any advertisements, promotion plans or materials that vary from the specifications in the Identity & Style Guide or the Brand Standards Manuals. If you desire to advertise your business on the internet using a domain name that incorporates any of our Trademarks, you must first apply for and be granted a license from us authorizing the use of the domain name you wish to use in connection with such advertising and execute our Domain Name Agreement (a copy of which is attached to the Franchise Agreement). The domain name agreement will expire contemporaneously with the expiration of the Franchise Agreement and at such time your rights to use the domain name licensed to you will automatically revert back to us. You agree to take all steps necessary to transfer the registration of the domain name to us. You must take all appropriate actions deemed necessary by us to cause your employees and Associates to refrain from any improper or unapproved usage of the internet. All advertisements and marketing materials including those of Associates must clearly indicate that each Keller Williams Market Center is independently owned and operated.

As a franchisee, you are authorized, with prior approval, to register a trade name or a "doing business as" name in compliance with your applicable local state regulations as well as compliance with applicable state and local regulatory boards and associations for your profession.

* * *

We are an approved supplier for software technology, training (live and recorded) events/products, marketing development, design services, and printed materials bearing the Trademarks including books and audio books we purchase from Rellek and resell to Franchisees and their Associates. (See Item 6.) For the fiscal year ended December 31, 2024, we had revenues of $426,968,630, net of real estate platform revenue (which was derived from a former Company affiliate) of $4,929,680. Of the $426,968,630, revenues from the purchase or use of the above-described products and services by our Market Center franchisees and regional representatives (and not otherwise described in Item 6) were $124,263,986. This represents approximately 29.1% of our revenues (net of real estate platform revenue) for the year.

In addition to the program(s) described above, we from time-to-time contract with manufacturers and suppliers (including certain of our affiliates) who provide us volume discounts, rebates and other cash payments based on volume purchases of supplies, products or services used by us or our franchisees. We anticipate that certain volume discounts, rebates and other cash payments received by us as a direct result of your purchase of supplies, products or services will be, in our sole discretion: (a) paid to you, (b) contributed to the development and implementation of our plan for advertising Keller Williams services, (c) retained by us, or (d) otherwise used to benefit the Keller Williams System. In all cases, we will deduct our expense to coordinate, evaluate and test supplies, products or services. We reserve the right to receive revenue and make a profit from the sale of products or services to you by our affiliates, vendors, or other third parties.

Except as described above, neither we nor our affiliates derived any revenue from purchases made or leases entered into by our Franchisees or Regional Representatives. Our affiliate, Rellek, receives royalty payments from the direct or indirect sale of books and audiobooks to our Franchisees and Associates. Although not our affiliates, for purposes of required disclosures in this disclosure document, Lone Wolf Technologies, Inc. and CoreLogic, Inc. are under common management with us through Stone Point Capital LLC. Lone Wolf Technologies, Inc. and CoreLogic receive royalties for the products and services they provide. While Keller Williams® franchisees and agents may use these companies, they are not vendors that we require our franchisees to use.

We anticipate receiving revenues from third party vendors based on sales of third-party services purchased by agents from the KW Marketplace.

There are presently no purchasing or distribution cooperatives in which you must participate. Other than as described above, we do not provide any material benefits to a franchisee based on a franchisee's use of designated or approved suppliers or on a franchisee's purchase of particular products or services. However, when considering whether to enter into a new Franchise Agreement, or enter into additional Franchise Agreements with existing franchisees, we consider, as a factor in the determination, the franchisee's compliance with the terms of the Franchise Agreement, including those terms described above. Granting a new Franchise Agreement does not, of itself, cause a waiver of any past compliance violations.

We estimate that the required purchases described above will represent approximately 0-5% of all your purchases to establish your Market Center and 5-15% of all your purchases to operate your Market Center. Your Market Center may, however, vary from these estimates.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 2.02 of Franchise Agreement; Section 5(a) of Business Center Addendum	Items 8 and 11
b. Pre-opening purchases/leases	Sections 2.02 and 6.01(d) of Franchise Agreement	Items 5, 6, 8 and 11
c. Site development and other pre-opening requirements	Sections 2.02 and 6.01 of Franchise Agreement; Sections 3(a) and 3(b) of Business Center Addendum	Items 8 and 11
d. Initial and ongoing training	Section 6.01(h) of Franchise Agreement	Items 6 and 11
e. Opening	Section 2.02(d) of Franchise Agreement	Items 7, 8 and 11
f. Fees	Section 3.02(a)(9) and Articles 5 and 12 of Franchise Agreement; Sections 4 and 10 of Business Center Addendum	Items 5 and 6
g. Compliance with standards and policies/ Operating Manual(s)	Section 6.01, 7.01, 8.01 of Franchise Agreement; Section 6 of Business Center Addendum	Items 11, 14, 15, and 16
h. Trademarks and proprietary information	Section 7.01 of Franchise Agreement; Sections 5(b) and 6 of Business Center Addendum	Items 11, 13 and 14
i. Restrictions on products/services offered	Sections 6.01(o), (p) and (q) of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	N/A	N/A

Obligation	Section in Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Section 2.01 of Franchise Agreement; Sections 1(b), 2(c), 7(d) and 10 of Business Center Addendum	Items 11 and 12
l. Ongoing product/service purchases	Sections 6.01(i), (j), (k), (o), (p), (q), (r), and (s) of Franchise Agreement	Items 7, 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 6.01(r), (s) and (t) of Franchise Agreement; Sections 5 and 8 of Business Center Addendum	Items 8 and 11
n. Insurance	Article 13 of Franchise Agreement	Items 7 and 8
o. Advertising	Article 11 of Franchise Agreement	Items 6, 7 and 11
p. Indemnification	Section 19.02 of Franchise Agreement	Items 6 and 17
q. Owner's participation in management/staffing	Sections 6.01(e), (f), and (g) of Franchise Agreement; Sections 11 and 12 of Business Center Addendum	Item 15
r. Records and reports	Article 10 of Franchise Agreement; Section 9 of Business Center Addendum	Item 6
s. Inspections and audits	Sections 6.01(t) and Article 10 of Franchise Agreement; Section 8 of Business Center Addendum	Item 6
t. Transfer	Sections 14.01, 14.02, 14.03, 14.04, and 14.05 of Franchise Agreement	Items 6 and 17
u. Successor License	Section 3.02 of Franchise Agreement; Section 7 of Business Center Addendum	Items 6 and 17
v. Post-termination obligations	Article 15 and 16 of Franchise Agreement; Section 7 of Business Center Addendum	Item 17
w. Non-competition covenants	Section 17.02 of Franchise Agreement; Section 7 of Business Center Addendum	Item 17

Obligation	Section in Agreement	Disclosure Document Item
x. Dispute Resolution	Article 20 of Franchise Agreement	Item 17
y. Other Profit Sharing Plan Guarantee of Franchisee's Obligations Entity creation/maintenance	 Article 12 of Franchise Agreement Section 6.01 (b)(11), Agreement and Guaranty of Controlling Principal, and Undertaking of Principals Franchise Agreement Section 6.01(b) of Franchise Agreement	 Items 11 and 15 Item 8

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Pre-Opening Obligations: Before you open a Market Center, we will provide the following assistance and services. A portion of this assistance may be provided by our Regional Representative:

1. As described below, we will provide advisory assistance and training for your management personnel. (Franchise Agreement, Section 4.01(a));

2. We will license the Brand Standards Manuals on execution of the Franchise Agreement. We have the right to revise the Brand Standards Manuals at any time. It is your responsibility to obtain and maintain current versions. (Franchise Agreement, Section 4.01(c));

3. We will make the MC Operating Software available for installation on your computer and will provide maintenance services for the software as described in the Software License attached to the Franchise Agreement as Attachment D (Franchise Agreement, Section 4.01(d) and Attachment D). We will indemnify you against all liabilities and costs, including reasonable attorneys' fees, arising from the defense of any claim of infringement by the MC Operating Software of any United States copyright or patent or the trademark, trade secret or unfair competition rights of a third party. (Attachment D to Franchise Agreement); and

4. We will provide or make available to you a list of our then-current approved suppliers. (Franchise Agreement, Section 4.01(g)). We or our affiliates may, at our option, be one of the approved suppliers of the supplies, materials, equipment and other products used or offered for sale from the Market Center (see Item 8**).**

We are not required to provide any other service or assistance to you before the opening of the Market Center. Under the Franchise Agreement, we may designate a third party to act as Regional Representative who may perform any of these services.

Post-Opening Obligations: We are obligated by the Franchise Agreement to provide the following services and assistance for the continuing operation of the Market Center after it is opened. These services may be provided by our Regional Representative:

1. Continuing advisory assistance in the operation of the Market Center as we determine advisable. (Franchise Agreement, Section 4.01(a));

2. Additional courses, seminars, conferences, or other training programs as we determine advisable. (Franchise Agreement, Section 6.01(h)(4));

3. Research data relating to the Market Center services that we determine appropriate. (Franchise Agreement, Section 4.01(b));

4. Maintenance and administration of the Profit Sharing Plan in accordance with Article 12 of the Franchise Agreement, under which specified contributions from profitable Market Centers are used to compensate Associates (including Associates of company-affiliated Market Centers, if any) for the sponsoring of producing Associates into profitable Market Centers, as described in the Franchise Agreement. Currently, each franchisee is required to contribute a percentage of its Keller Williams Owner Profit (after carryover losses from prior months have been recouped or after a Loss Carry Forward "LCF" write-off option has been approved) as described in Attachment F to the Franchise Agreement in accordance with the terms of Article 12 of the Franchise Agreement. (Franchise Agreement, Section 4.01(e));

5. Maintenance of the Associate Leadership Councils, under which the franchisees, leadership and Associates from Market Centers have the opportunity to address issues relating to the operation of Market Centers. These issues include, but are not limited to, in the case of the International Associate Leadership Council, the profit sharing contribution percentages applicable to franchisees. As provided in the Brand Standards Manuals, we will have a representative on the International Associate Leadership Council whose approval is necessary for any action by the International Associate Leadership Council. We retain the right to determine whether specific issues will be determined by the Market Center, City, Regional or International Associate Leadership Councils. (Franchise Agreement, Section 4.01(f));

6. We reserve the right to establish and administer an advertising fund at the discretion and direction of the International Associate Leadership Council for the purpose of advertising the System. We have the right to terminate the fund at any time and provide for the promotion of the Market Centers by alternative methods at our discretion. In addition, if we establish an advertising cooperative program at the discretion and direction of the applicable Regional Associate Leadership Council, we will administer the program as described below. (Franchise Agreement, Section 4.01(h));

7. We will conduct reviews of the Market Center and its operations by us and our representatives and Associates at any time as we may find advisable in order to maintain the high standards of quality, appearance, and service of the Market Centers. (Franchise Agreement, Section 4.01(i)); and

8. We organize conventions on behalf of all franchisees in good standing under the System. You will be responsible for all costs of your personnel and other guests attending any convention, including registration fees, transportation, lodging, meals, and wages. We may assess an annual sponsorship fee of up to $1,000 per Market Center to cover the costs of organizing and putting on the convention. (See Item 6). (Franchise Agreement, Section 4.01(j)).

We are not required to provide any other service or assistance to you for the continuing operation of the Market Center. Under the Franchise Agreement, we may designate a third party to act as Regional Representative who may perform any of these services.

In addition, we may identify leaders who will provide specific and targeted support to Regional Directors in collaboration with us. These individuals will work directly with Regional Representatives to increase agent count, royalty growth, and market center profitability, along with consulting the Regions on strategic initiatives and provide coaching and guidance on promoting the Region.

We reserve the right, from time to time, by adoption or amendment of System standards to add, amend, modify, delete, or enhance any portion of the System (including any of the Marks and System standards) as may be necessary in our sole judgment to change, maintain, or enhance the System or Marks or the reputation, efficiency, competitiveness and/or quality of the System, or to adapt it to new conditions, materials or technology, or to better serve the public. At your expense, you will fully comply with all such additions or modifications reasonably designated by us as applicable to the then-existing System.

Site Selection and Acquisition: You are responsible for locating and securing the site for your Market Center. We do not select the site for your Market Center. You must obtain our advance written approval for the site of the Market Center in writing, and it must meet the criteria we specify in the Brand Standards Manual. The Market Center must be located centrally within the Awarded Area specified in the Franchise Agreement. The Market Center may not be relocated without our prior written consent, nor may any Business Center or Mega-Associate Office be relocated without our prior written consent.

Before you sign a lease or purchase agreement for a site for the Market Center, you must locate a site that satisfies our guidelines and submit to us, in the form we specify, other information or materials we may reasonably require. The proposed site is not approved until you receive written notice of approval from us. (Franchise Agreement, Section 2.02).

If you do not have an Approved Location for the Market Center when you sign the Franchise Agreement, we may require you to select a temporary site for the operation of the Market Center, or we may approve a temporary site for the operation of the Market Center if you request approval of a temporary site. You may not operate the Market Center from a temporary site for more than six months without our prior written approval. Operation from a temporary site for more than six months without our prior written approval will constitute a default of the Franchise Agreement.

We estimate that the time from signing the Franchise Agreement to beginning operations of the Market Center will be approximately two to three months. This time may be of a shorter or longer duration depending on whether you begin operations from a temporary location, and depending on the time necessary to obtain an approved site, to obtain financing (if any), to obtain the permits and licenses necessary for the construction and operation of the Market Center, to complete construction or remodeling as this may be affected by weather conditions, shortages, delivery schedules and other similar factors, to satisfactorily complete Franchise Systems Orientation, to complete the preparation of the interior and exterior of the Market Center, including decorating, purchasing, leasing and installing fixtures, equipment and signs, and to complete preparation for the operation of the Market Center, including purchasing inventory and supplies. You must open the Market Center and begin business within 90 days after the effective date of the Franchise Agreement. (Franchise Agreement, Section 2.02(d)). You must also transmit monthly accounting reports beginning no more than 90 days after the effective date of the Franchise Agreement.

Under the Franchise Agreement, we may designate a third party to act as Regional Representative who may perform any of the services listed above regarding site approval. (Franchise Agreement, Section 4.02)

Training: Before we approve your franchise application, your Operating Principal, Team Leader, Market Center Administrator, each of your Franchisee's Principals and certain other members of your Franchisee's Group we designate in the Brand Standards Manuals or otherwise in writing must attend Franchise Systems Orientation. Franchise Systems Orientation is conducted at a location in Austin, Texas

or another location we designate. We provide the initial Franchise Systems Orientation to your Operating Principal, Team Leader, Market Center Administrator, and others who attend for a fee (See Item 5). We will not permit you to open your Market Center until each of your Market Center personnel and Franchisee's Principals complete Franchise Systems Orientation.

After you sign the Franchise Agreement, your Operating Principal, Team Leader and Market Center Administrator must also participate in between 6 to 18 months of classroom and on-the-job training at a location in Austin, Texas or another location we designate, although we may reduce or extend the duration and extent of the training based on your Operating Principal's, Team Leader's and/or Market Center Administrator's experience and progress. Regional Representatives do not participate in offering of the initial training.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Overview of Keller Williams and Organizational Structure	3	0	In Austin, Texas or at another physical location designated by us.
Role of the Market Center Franchisee, Operating Principal, Team Leader, and Market Center Administrator in establishing and operating a Market Center	3 to 12	0	In Austin, Texas or at another physical location designated by us.
Developing a Business Plan, Implementing Operating Procedures, Computer Systems, and Market Center Opening and Operations	3 to 12	0	In Austin, Texas or at another physical location designated by us.
Day-to-Day Operating Principal, Team Leader and Market Center Administrator Duties and Obligations	0	6 to 18 months	At your Market Center

Included in the Keller Williams University ("KWU") faculty are the founders and leaders of Keller Williams Realty, LLC. They include:

Faculty Member	Title	Description
Gary Keller	Executive Chairman, Member of the Board	Please see Item 2 for Mr. Keller's bio. Mr. Keller has been involved with training with us or our predecessor since 1983.
Jason Abrams	Head of Industry and Learning	Please see Item 2 for Mr. Abrams' bio. Mr. Abrams has been involved with training with us, our predecessor or our franchised market centers since 2002.
Jay Papasan	Vice President of Strategic Content	Jay Papasan has served as our Vice President of Strategic Content since September 2021. He was previously Vice President of Learning from August 2019 to August 2021. Prior to that, he served as the Vice President and Executive Editor of KW Publishing from August 2008 to July 2019. Papasan is a *New York Times* bestselling co-author of several books and co-owns KP Publishing Partners, Ltd. Since joining KW in October 2000, he has held numerous senior positions in the education and publishing functions of KW.

The entire Franchise Systems Orientation program is subject to change due to updates in materials, methods, Brand Standards Manuals and personnel, without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience of those persons being trained.

Our Brand Standards Manuals include the Franchise Systems Orientation Manual, the Policy and Guidelines Manual, the Identity & Style Guide, the MCA Support Documents, the Market Center Development Guidebook, the Expansion Systems Orientation, and any amendments to Company policies or standards issued by Company in writing to Franchisee. The table of contents of the Franchise Systems Orientation Manual (273 pages), the Policy and Guidelines Manual (156 pages), and the Identity & Style Guide (44 pages), the Market Center Development Guidebook (140 pages) and the Expansion Systems Orientation (247 pages) are described in Exhibit L to this Disclosure Document. Our Brand Standards Manuals are continually being updated, so the content and length of the Brand Standards Manuals may change. You will be considered to be in breach of your Franchise Agreement if you fail to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in the Brand Standards Manuals, including without limitation, obligations or restrictions regarding the development, participation in initial training, opening and operations of the Market Center and offer and sale of approved products or services in connection with the Market Center, or any other condition or restriction contained in the Brand Standards Manuals or this Agreement, and fail to cure the breach following receipt of notice and an opportunity to cure.

Your Operating Principal, Team Leader, Market Center Administrator, and other members of your Franchisee's Group must attend and complete, to our satisfaction, any additional courses, seminars, conferences, and other training programs, including additional or refresher courses, as we may require from time to time. We currently require that your Operating Principal, Team Leader, Market Center Administrator and other members of your Franchisee's Group attend such other training programs at least once every three calendar years during the entire term of your Franchise Agreement to afford attendees the opportunity to keep abreast of ongoing standards, evolving systems, trends and market research. Your key leaders may also attend the optional courses, seminars, conferences, and training programs that we may offer. We may charge you the then-current fee for any additional training programs we offer. The amount we charge will generally represent our cost to provide the training. (See Item 6). Additionally, you are responsible for all expenses you and your personnel incur to attend training programs, including costs of transportation, lodging, meals, and wages.

We require that your Operating Principal, Team Leader, and/or Market Center Administrator attend and complete courses on the following topics within 6 months of the effective date of your Franchise Agreement. (See Item 6). The names of these courses may change from time to time, but the general content will not.

The Leverage Series program is designed to help participants attract, hire, and retain talent for their Market Center. This course is required for all Operating Principals, Team Leaders, and Market Center Administrators.

MAPS Coaching Programs provide participants with a personal coach to guide them to their goals. This program is required of all Operating Principals, Team Leaders.

The MCA JumpStart Program provides initial training for newly hired Market Center Administrators on the key tasks and skills they will need to thrive in the Market Center Administrator role and assist in leading their Market Center to profitability by being the voice of value for the Market Center Leadership Team.

We further require that your Operating Principal, Team Leader and/or Market Center Administrator, Franchisee's Principals and certain other members of your Franchisee's Group designated

in the Brand Standards Manuals or otherwise in writing attend and complete the following courses within 18 months of the effective date of your Franchise Agreement or as otherwise stated by us in writing. (See Item 6.)

Train the Presenter is a 2-day course that is designed to provide the knowledge and skills required to successfully conduct Keller Williams University courses.

The ALC Clinic is a 2-day course that provides a Market Center's leadership an overview of the structure, responsibilities and tools for leading an effective Associate Leadership Council with the Growth tools, systems, and conversations. This course is required of all Operating Principals, Team Leaders, and Market Center Administrators.

Mega Leadership Camp, if it occurs, is an annual convention for Market Center leaders (without Associates) that covers recruiting techniques, new Associate development programs, technology, and management and leadership skills. To the extent this convention is offered, it is required of all Operating Principals, Team Leaders, and Market Center Administrators.

Mega Agent Camp is an annual convention that includes Associates and covers recruiting techniques, new Associate development programs, technology, and management and leadership skills. This convention is required of all Operating Principals, Team Leaders, and Market Center Administrators.

Family Reunion is an annual convention that is designed to provide Associates with a unique training, networking and cultural experience. This convention is required of all Operating Principals, Team Leaders, and Market Center Administrators.

Market Center Financials is a 2-day course that demonstrates the methods for recognizing and analyzing the key numbers that indicate a Market Center's financial health. This course is required of all Operating Principals, Team Leaders, and Market Center Administrators.

You must train your newly-licensed Associates in compliance with the procedures specified in the Brand Standards Manuals. The training is intended to acquaint the newly-licensed Associates with the general requirements concerning and our recommended methods and techniques for real estate sales. You or your newly-licensed Associates may be required to pay the then-current training fee charged by us or our designee. (See Item 6).

Within 30 days after you sign the Franchise Agreement and annually before December 10th each year, you must determine annual production goals for the Market Center and submit them to us for our approval in the form we specify. You must also submit to us at the same time, a business plan for the establishment, financing and on-going operation of the Market Center, incorporating the Approved Market Center Budget and Market Center Production Goals in a form satisfactory to us (the "Market Center Business Plan"). If you fail to meet these production goals or submit the required Market Center Business Plan, in addition to any other remedy we may have under the Franchise Agreement, we may require that your Operating Principal, Team Leader, Market Center Administrator or other members of your Franchisee's Group attend Franchise Systems Orientation or any alternative training program we require.

The System and our Franchise Systems Orientation and other training programs do not include any required personnel policies or procedures or security-related policies or procedures. If we (at our option) make any such policies or procedures available to you in the Brand Standards Manuals or otherwise, they are provided for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at the Market Center. We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of Market Center employees or customers.

Advertising: We reserve the right, but do not have the obligation, to establish and administer an advertising fund (subject to the discretion and direction of the International Associate Leadership Council) for the purpose of the advertising and the promotion of the System (the "Fund"). We have not yet established the Fund. When and if we do, you must pay a monthly advertising fee to the Fund in an amount up to a maximum of ½% of the Gross Commission Income of your Market Center for each month of operations. (See Item 6). Franchisor-owned outlets (if any) will contribute to the advertising fund on the same basis as franchisees.

We or our designee will maintain and administer the Fund as follows:

1. We will oversee all advertising and promotional programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in these programs and the placement and allocation of them. The Fund will be intended to maximize general public recognition and acceptance of the Trademarks and enhance the collective success of all Market Centers in the System. In administering the Fund, we and our designees will undertake no obligation to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any franchisee benefits directly or pro rata from the placement of advertising.

2. The Fund will be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising and promotional activities including, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist in doing so; and providing promotional brochures and other marketing materials to the Market Centers operating under the System.

3. We will maintain all sums which you pay to the Fund in a separate or segregated account, these sums will not be used to defray any of our general operating expenses, except for the reasonable administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees and the System.

4. The Fund will not be our or our designee's asset. The Fund and its earnings will not otherwise inure to our benefit. The Fund is operated solely as a conduit for the collection and expenditure of the advertising fees for the purposes outlined above. We or our designee will maintain separate bookkeeping accounts for the Fund. A statement of the operations of the Fund will be prepared annually by us or our designee and will be made available to you on request.

5. If established, the Fund will be intended to be of perpetual duration, although we will have the right to terminate the Fund at any time in our sole discretion. The Fund will not be terminated, however, until all monies in the Fund have been expended for advertising or promotional purposes.

Advertising placed by the Fund may be local, regional, national or international in scope. The source of the advertising may be a national or regional advertising agency, or from our in-house marketing department. We and our franchisees currently advertise the Market Centers and the products offered by the Market Centers in various forms of media, including: online, radio, TV, print, direct mail and outdoor billboard advertising. The majority of our advertising is developed by members of in-house marketing department. We generally do not use an advertising agency to assist us in the development or placement of advertising, however, we may do so on a project by project basis. Advertising presently is conducted on a local basis by our Predecessor and our franchisees. For the fiscal year ended December 31, 2022, we did not have a Fund and did not collect or spend any money on behalf of the Fund.

We have the right (subject to the discretion and direction of the appropriate City or Regional Associate Leadership Council) to designate any geographic area in which two or more Market Centers are located as an area for purposes of establishing an advertising cooperative ("Cooperative"). The members

of the Cooperative for any area will consist of all Market Centers within that area. Each Cooperative will be organized and governed in a form and manner and must begin operation on a date that we approve in advance and in writing. Each Cooperative will be organized for the exclusive purposes of maintaining, directing and preparing advertising or promotional activities including the cost of preparing and conducting television, online, radio, print, direct mail, and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist in doing so; and providing promotional brochures and other marketing materials to the market centers operated under the System with the regional advertising program. If, at the time you and we sign the Franchise Agreement, a Cooperative is established for a geographic area that encompasses your Market Center, or if any Cooperative is established any time during the term of the Franchise Agreement, you must sign the documentation we require, immediately on our request and must become a member of the Cooperative under the terms of the documentation. You must contribute to the Cooperative an amount up to ½% of your Gross Commission Income for each month of operations, unless, subject to our approval, the members of the Cooperative agree to the payment of a cooperative fee greater than ½% of Gross Commission Income; you will not be required to expend or contribute more than ½% of your monthly Gross Commission Income to the Fund and Cooperative combined. You may apply the payment of any cooperative fee toward satisfaction of your local advertising requirement. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without our prior approval. The Cooperative is not required to prepare annual or periodic financial statements.

In addition, on our request, you must pay to us or our designee up to $1,000 per calendar year for the development of certain literature, public relations programs, marketing and advertising materials and activities for the benefit of the Market Centers. You will not be required to pay more than $250 per month for any specific project we designate, unless you agree otherwise.

Under the Franchise Agreement, we may develop and administer additional advertising and promotional programs. You will have the right to participate in these programs under the terms and conditions we establish for these programs.

All of your advertising and promotion in any medium must be conducted in a dignified manner and must conform to our standards and requirements as described in the Brand Standards Manuals or as otherwise designated by us in writing. You must obtain our prior approval of all advertising and promotional plans and materials if the plans and materials have not been prepared by us or previously approved by us during the past one year. You must submit the unapproved plans and materials to us, and we will approve or disapprove the plans and materials within 14 days from the date we receive them. You must not use any unapproved plans or materials until we have approved them. You must promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, on notice from us.

You must not use the Trademarks, trade names, assumed names, or any contact information for the Market Center location in any advertising medium without our prior written approval. If you fail to obtain such approval, we may terminate, discontinue or amend the unapproved advertising at your cost and expense.

You will have the right to sell your services at any price you determine and will in no way be bound by any price which we may recommend or suggest.

We do not currently have a national or international advertising council, however we reserve the right, but do not have an obligation, to establish or maintain such a council. We have established local, city, regional and international Associate leadership councils. These councils advise us concerning a number of diverse issues, including advertising. On the local level, Associates in the top 20% of the Market Centers are invited to join the local Associate leadership council. On the city level, the council is made of one Associate elected from each local Associate leadership council of an active Market Center by a majority

vote of each local Market Center Associate leadership council, one management representative from each active Market Center in the city, the Region's Regional Director and one voted-in-by-city-ALC Associate-at-large member. On the regional level, the council is made up of one Associate chosen from each local council by a majority vote, one management representative from each active Market Center in the region, the Region's Regional Director, and one voted-in-by-regional-ALC Associate-at-large member. On an international level, the council is made up of our CEO or President, one management representative, two Associates and one Regional Director from each regional council. The Associate representatives are chosen by a majority vote by the Associate representatives of the regional council and the management representative is chosen by majority vote of the management representatives on the regional council. These councils have decision making power and we may change, form, or dissolve them.

Internet Advertising: We have reserved many internet domain names, including: www.kellerwilliams.com, www.kellerwilliamsrealty.com, www.kw.com, www.kwworldwide.com www.kwcommercial.com, and www.kwluxuryhomes.com and have established sites using these domain names. You acknowledge that the domain names listed above are our sole property and you agree not to register or use any domain name or URL that contains the Trademarks, including but not limited to the words "Keller Williams," the initials "KW" or any other words, trademarks or symbols we designate, without our express written permission. You must obtain our prior written approval for any domain name or URL you or your Associates propose to use in connection with the operation of your Market Center. The form, content and appearance of your website must comply with the standards listed in the Brand Standards Manuals and must be approved by us in writing before you post the website on the internet. Any advertising you or your Associates conduct on your or their website must meet the requirements of Articles 7 (relating to use of the Trademarks) and 11 (relating to advertising generally) of the Franchise Agreement. You must assist us in connection with any direct dealings with your Associates regarding their internet usage. At our request, you agree to modify or take down your website upon receipt of written notice from us at your cost and expense. In our sole discretion, we may require you to assign to us all rights to any social media using or relating to Trademarks profiles that you control. In all cases, we have sole discretion and control over any social media profiles using or relating to the Trademarks, or that display the Trademarks, that are maintained on any social media outlets. We may use part of the Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. We may (but need not) establish guidelines pursuant to which you may establish profiles or otherwise establish a presence on such social media outlets. In that event, you must comply with the standards, protocols and restrictions that we impose from time to time on such use.

You and your Associates, if applicable, must install a hypertext link to our website in the form we require. You and your Associates are prohibited from installing any hypertext links to any third party without our prior written approval. If during the term of the Franchise Agreement you or your Associates desire to change or modify your website, before you can make any change or modification you must obtain our prior written approval, which approval will not be unreasonably withheld. Upon termination or early expiration of the Franchise Agreement, the domain name agreement will automatically terminate, and you and your Associates must use best efforts to undertake all actions that we require to dissociate from the website and the domain name.

(See Items 6 and 8 for additional information concerning advertising.)

Client Information/Privacy and Data Protection: All Client Information that we obtain from you and/or that we, you or your Associates collect from your Market Center and its Associates' Clients and all revenues we derive from such Client Information will be our property and our Confidential Information that we may use for any reason without compensation to you. At your sole risk and responsibility, you may use such Client Information that you acquire from your Clients and other third parties solely in connection with operating the Market Center, and unless we later direct otherwise, we will permit your Market Center's Associates to retain and use the Client Information for its own Clients at such Associate's sole risk and responsibility. (Franchise Agreement, Section 6.01(aa)).

You will: (i) comply with all applicable privacy laws, including but not limited to laws regulating the processing, protection, and security of Client Information in any way, laws regulating marketing communications in any way (such as the Telephone Consumer Protection Act, "Do Not Call" rules, and the CAN-SPAM Act), and the most current Payment Card Industry Data Security Standard (collectively, "Privacy Laws"); (ii) comply with all Brand Standards that relate to Privacy Laws and the privacy and security of Client Information; (iii) comply with any posted privacy policy and other representations made to the individual identified by Client Information you process, and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (iv) refrain from any action or inaction that could cause us to breach any Privacy Laws; (v) maintain reasonable physical, technical and administrative safeguards for Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification, or use that would violate the Franchise Agreement, the Brand Standards Manual or any Privacy Law; (vi) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us in compliance with the Privacy Laws; and (vii) immediately report to us the breach of any requirements in the Franchise Agreement or the Brand Standards Manual regarding Client Information or any Privacy Law, or the theft or loss (or any apparent or alleged theft of loss) of Client Information (other than the Client Information of your own officers, directors, shareholders, employees or service providers).

You will, upon request, provide us with information, reports, and the results of any audits performed on you regarding your data security policies, security procedures, or security technical controls related to Client Information. You will, upon our request, provide us or our representatives with access to your systems, records, processes and practices that involve processing of Client Information in order to mitigate a security incident or so that an audit may be conducted.

You will indemnify, defend and hold us harmless from loses arising out of or relating to: (i) any theft, loss or misuse of Client Information; and (ii) your breach of any of the terms, conditions or obligations relating to data security, privacy, Privacy Laws, or Client Information set forth in the Franchise Agreement.

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Client Information. You will, at our direction, but at your sole expense, (i) undertake remediation efforts in concert with our directions, (ii) reasonably cooperate with any remediation efforts undertaken by us and (iii) undertake efforts to prevent the recurrence of the same type of incident, including by paying for any remediation and post-breach monitoring process deemed appropriate by us. Any notifications to the media or to Market Center or Associate Clients regarding theft or loss of Client Information will be handled exclusively by us at our discretion, and you may not contact Market Center clients relating to such theft or loss unless you are under a legal obligation to do so, in which event (i) you must notify us in writing promptly after concluding that you have the legal obligation to notify Market Center or Associate Clients and (ii) you will limit the notices to Market Center or Associate Clients to those required by the legal obligation or as pre-approved by us. You will reasonably cooperate in connection with any notices to Market Center and Associate Clients regarding theft or loss and you will assist with sending such notices if so requested. (Franchise Agreement, Section 6.01(ab)).

Computer Hardware and Software: You must obtain and maintain during the term of the Franchise Agreement computer hardware and software meeting our specifications and those required to run all then-current Keller Williams accounting and profit share software. We reserve the right to require you to use computer backup software from providers specifically approved by us. We estimate the total initial cost of the computer hardware and software to range from $4,000 to $5,000. (See Item 7.)

We currently require you and your agents to use CommandMC and supporting applications (together, the "MC Operating Software"), which we currently provide at no additional charge. We have used the M.O.R.E. software or a variation thereof since 1987, but we have completed and have transitioned to an updated MC Operating Software. References throughout this document to the MC Operating Software

will apply to any new Market Center software product when released. You must install the then current MC Operating Software in your computer within 10 days after you sign the Franchise Agreement, unless we agree in writing to a longer period. We will provide you with all upgrades for the MC Operating Software for a reasonable fee. We estimate the annual cost for the MC Operating Software upgrades to range from $100 to $1,500 per year. We may charge you a fee of up to $1,500 at the beginning of the term of the Franchise Agreement. The MC Operating Software is used to maintain sales and listing data, calculate royalty and profit sharing and to transmit data to us/close your books each month.

You must also use any software that we designate. We will furnish you with an initial copy of the approved software at no additional charge. There is currently an annual update fee of approximately $325 per year (plus sales tax), but this update fee can be increased up to $1,000 per year. We can also adjust the Accounting Software Upgrade and Maintenance Fee once a year according to changes in the prior year's Consumer Price Index. We require all franchisees to use the accounting software that we approve so that all franchisees use a standard method of accounting.

We may also require you to purchase, and provide for use to your Associates, certain hardware and software.

The software required does not have to be from a specific vendor but must allow your Associate to do computerized CMA seller presentations, home sale flyers, buyer presentations and buyer tours.

We also require you to use and maintain current licenses for certain off-the-shelf software: Microsoft Office and Norton Symantec or McAfee Virus Scanning software. You may obtain licenses for this software from any vendor you choose.

There are no limitations on the frequency with which we or the software vendors may require you to update any software. There are also no limitations on our use of the information we receive from you as a result of your use of the System. We do not have independent access to the information and data that is electronically collected and maintained on your local system. However, we have the right to inspect your books, premises, equipment and records at any time.

Local Hardware Support:

You must have tech support with same day (or at least next day) parts and service. Discount stores will replace a malfunctioning computer within the warranty period; however, most make no guarantees on the replacement time or data recovery. In case of repair, they often reformat your hard drive (erasing all the data) and expect you to restore data from backups. We recommend that you find a local or nationally supported computer vendor, whose references check out, who cares about you as a customer, and who is willing to do on site repairs.

Internet Connection:

We require a broadband connection for your office. Talk to your local or national internet service providers for information on the services available. A stable internet connection is required, especially during transmittal/month-end close. The higher the broadband connection the better. Faster speeds can improve your daily work when using the MC Operating Software and our technology tools.

Data Storage:

We require an external removable hard drive for backup. Redundant backups are recommended. These include CD/DVD, flash drive and an offsite backup vendor.

Important Note: Uninterruptible power supply (UPS):

A UPS will likely prevent data loss if there is a power failure, by allowing shut down time after a power failure. Make sure it is powerful enough to handle your system. A 400-watt unit is generally adequate.

Note: The UPS is for the computer and monitor only. Do not share the UPS with any other electronic items. You should avoid sharing the UPS with your laser printer.

Printer:

The report volume requires that your laser printer be an "office class" printer. The printer must be capable of printing to letter or legal size paper.

We currently charge an initial Technology Fee of $250 to establish and maintain your connection to our software and systems. (See Item 5.) We also currently charge a continuing Technology Fee of $79 per month, but we reserve the right in the future to charge up to $300 per month for the continuing Technology Fee. (See Item 6.) You will also need a local carrier service to connect to the website.

The specifications listed above are current as of the date of this Disclosure Document. We may change our specifications for any of the equipment and software at any time, and there are no limitations on the frequency with which we may do so. Given the speed technology advances, the equipment and software we require you to purchase and use may differ over time.

WE DO NOT PROVIDE ANY OTHER SUPERVISION, ASSISTANCE, OR SERVICES FOR THE ESTABLISHMENT OR OPERATION OF A MARKET CENTER.

ITEM 12
TERRITORY

The Franchise Agreement grants you the right to operate a Market Center at a single location in the Awarded Area we grant to you, which we must approve in writing in advance. You must operate the Market Center only at this approved location and may not relocate the Market Center without our prior written consent. If you lose possession of the original Market Center premises, you may request permission to relocate to a temporary site subject to our consent and the same site selection procedures. We specify the approved location's street address in the Information Summary to the Franchise Agreement.

The Awarded Area usually encompasses a portion of a city, county or an unincorporated area. The initial boundaries of the Awarded Area are determined based on the historical annual gross sales reported by real estate brokers in the area in which the Market Center is to be located. (See Item 5). We will not award you an Awarded Area that exceeds a total real estate volume (single count) that is equal to the average sales price of residential property in the Awarded Area times 1,000 sold units within the past 12 months preceding the measurement date, as reported by the local MLS. The Awarded Area will be described in the Information Summary to the Franchise Agreement, typically by boundary streets or highways, county lines or by another method of delineation we designate.

The business of the Market Center will exclusively be the real estate brokerage business and the delivery of approved services, if applicable.

We also have the right to adjust the size of the Awarded Area at any time during the term of the Franchise Agreement if, in our sole business judgment, the Awarded Area is found to encompass an area that holds an annual sales potential equivalent to substantially more than 1,000 sold units times the average

sales price of residential property in the Awarded Area during the 12 months preceding the measurement date as reported by the local MLS. Before we adjust the size of your Awarded Area, we will give you reasonable advance notice of our decision to adjust the size of the Awarded Area. Also, if (and only if) you qualify as a multi-Market Center operator under the standards then set forth in the Brand Standards Manuals, we will offer you an option, exercisable within 60 days after we give you notice of our intention to adjust the size of the Awarded Area, to acquire a franchise for a Market Center located in the part of the Awarded Area that we excluded from the original Market Center's Awarded Area if the excluded area independently qualifies for a new Market Center Awarded Area. We will describe in the option notice the boundaries of the area we intend to award for a new Market Center. We will describe the boundaries of the adjusted Awarded Area in a new Information Summary to the Franchise Agreement. In no case will the adjusted Awarded Area hold an annual sales potential (as defined in the Franchise Agreement) of less than a total real estate volume (single count) that is equal to the average sales price of residential property in the adjusted Awarded Area times 1,000 sold units within the past 12 months preceding the measurement date, as reported by the local MLS.

From time to time we offer and award Awarded Areas that may be larger or smaller than the size of our traditional Awarded Areas. If we do offer and award larger Awarded Areas we may modify or remove the exclusivity you have in the larger Awarded Area and if we do offer and award smaller Awarded Areas we will modify the criteria and parameters for setting and adjusting Awarded Areas during the term of those Franchise Agreements, and may establish different requirements for the operation of those Market Centers.

We, any franchisee, and any other authorized person or entity may, at any time, (i) advertise or promote the Keller Williams name and concept in your Awarded Area and provide real estate brokerage services and any other approved services to customers in the Awarded Area; (ii) may solicit or accept listings of properties located in the Awarded Area and otherwise act as a real estate broker for customers and properties located in the Awarded Area; (iii) may operate Temporary New Home Marketing Locations in the Awarded Area; and (iv) may recruit real estate brokers and Associates in and from the Awarded Area. Neither we, nor any franchisee, or any other authorized person or entity will be required to pay you any compensation for performing these above activities in your Awarded Area. In addition, we may offer and provide at and from locations in the Awarded Area (1) various real estate brokerage services under the Trademarks and under names and marks other than the Trademarks, and (2) products and services that may be similar to those offered by Market Centers. You may solicit and accept clients or customers outside of the Awarded Area, including the right to use other channels of distribution that we may authorize, such as online, telemarketing, or other direct marketing, to make sales outside of the Awarded Area.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement and for so long as you are in full compliance with the terms and conditions of the Franchise Agreement, we will not operate or authorize any other person or entity to operate a bricks and mortar Market Center inside the Awarded Area. We have and retain the rights, and any other Market Center franchisee and any other authorized person has and retains, the rights, among others (i) to advertise or promote the Keller Williams® brand, system and the Trademarks in the Awarded Area, (ii) to solicit or accept listings of and show property located in the Awarded Area and otherwise act as a real estate broker for customers and properties located in the Awarded Area, (iii) to operate Temporary New Home Marketing Locations in the Awarded Area; and (iv) to establish a Business Center or Mega Agent Office with your consent. Further, we may offer and provide (and may authorize others to offer and provide) at and from locations in the Awarded Area products and services that may be the same as or similar to those offered by Market Centers, and may develop or use, including in connection with the sale of products and services similar to the products and services you offer through any alternative methods of distribution such as the internet, catalog sales, telemarketing, or other direct marketing sales. In all cases, you will not receive any compensation for any such sales.

Other than the adjustments to the Awarded Area described earlier in this Item, the territorial rights granted to you under the Franchise Agreement is not dependent on the achievement of any sales volume, market penetration or other contingency. However, we may terminate the Franchise Agreement if, beginning in the sixth month after the Market Center opens, you (i) fail to achieve average monthly Gross Commissions in excess of $20,000 during any consecutive 3-month period, (ii) beginning in the 13th month after the Market Center begins operations, you fail to maintain average monthly Gross Commissions in excess of $45,000 during any consecutive 3-month period, or (iii) beginning in the 25th month after the Market Center begins operations, you fail to maintain average monthly Gross Commissions in excess of $125,000 during any 3-month period. (See Item 17.) If we offer and award Awarded Areas that are smaller than the size of our traditional Awarded Areas, we will modify the criteria and parameters for terminating the Franchise Agreement based on your failure to achieve certain average monthly Gross Commissions. If we offer and award Awarded Areas that are larger than the size of our traditional Awarded Areas, we may modify or remove the exclusivity you have in the larger Awarded Area.

We also have the right to adjust the metropolitan area (used for the determination of when a relocation service fee will be imposed (see Item 6) in which the Market Center is located as a result of changes to the geographic boundaries of the metropolitan area.

We do not generally grant any rights of first refusal to purchase additional territory or to operate additional Market Centers. If you wish to operate more than one Market Center, you must sign a separate Franchise Agreement for each Market Center. You must also qualify as a multi-unit operator under our Multiple Market Center Criteria, which appear in our Brand Standards Manuals.

The Business Center is approved to operate solely from the physical address that we approve, as set forth in the Business Center Addendum. You must establish the Business Center in your Market Center Awarded Area or, in limited circumstances, in an unawarded area where no Market Center exists and which is contiguous to your Awarded Area. The location of the site for the Business Center must be approved by us in writing. Until the expiration or earlier termination of the Business Center Addendum and subject to your full compliance with the terms and conditions of the Business Center Addendum, we will not establish nor authorize any other person or entity to establish within the Market Center Awarded Area, another Business Center or Market Center utilizing the Trademarks and System. A Business Center approved to operate outside of the host Market Center's territory may have a term that expires prior to the Franchise Agreement and is subject to termination if it is located within the territory of a Market Center subsequently approved by us.

We, any franchisees, and any other authorized person or entity may, at any time, advertise or promote the Keller Williams name and concept and provide real estate services and any other approved services to any customer of the Business Center or property located in the Market Center Awarded Area in which the Business Center is located or in proximity of the Business Center, including, soliciting and accepting listings for properties, advertising or promoting the sale or rental of property, otherwise acting as a real estate broker for customers and properties, operating Temporary New Home Marketing Locations, recruiting real estate brokers and Associates and performing any other real estate services developed from time to time. We may also (1) offer and sell and may authorize others to offer and provide products and services relating to real estate brokerage business under names and marks other than the Trademarks, as well as under the Trademarks, in and from locations within the Market Center Awarded Area in which the Business Center is located or in proximity to the Business Center, (2) offer and sell and may authorize others to offer and sell products and services which may be similar to those offered by the Business Center under other names and marks other than the Trademarks, as well as under the Trademarks, in and from locations within the Market Center Awarded Area in which the Business Center is located or in proximity to the Business Center, if offered and sold other than through a Market Center operating under the System, and (3) offer and sell or authorize any person or entity to offer and sell approved services within the Market Center Awarded Area in which the Business Center is located or in proximity to the Business Center pursuant to the provisions set forth above for the Market Center.

Neither we, nor any franchisee, or any other authorized person or entity will be required to pay you any compensation for performing these activities in your Business Center or the Market Center Awarded Area in which the Business Center is located, or in proximity to the Business Center. In addition, we may offer and provide at and from locations in the Market Center Awarded Area in which the Business Center is located or in proximity to the Business Center and through any channel of distribution, such as the internet, (1) various real estate brokerage services under the Trademarks and under names and marks other than the Trademarks, and (2) products and services that may be similar to those offered by Business Centers, but under names and marks other than the Trademarks.

We may require you to convert a Business Center into a Market Center any time after the first anniversary of the Addendum, on 90 days' written notice. In addition, you may request to convert the Business Center into a Market Center at any time during the term of the Addendum. To convert the Business Center to a Market Center, you must meet our then-current criteria for a new Market Center; sign the then-current form of Franchise Agreement; and pay the then-current initial franchise fee. We may review and modify, in our discretion, the size of the Business Center in comparison with the size of Awarded Areas then being granted to Market Centers in the region. You may solicit and accept clients or customers outside of the physical address of your Business Center, including the right to use other channels of distribution that we may authorize, such as online, telemarketing, or other direct marketing, to make sales outside of the physical address of your Business Center.

We also offer to existing Franchisees the right to open and operate a Temporary New Homes Sales Location. The Temporary New Homes Sales Location is available to you if you have obtained an exclusive listing to sell all or substantially all of the new homes for a specific new home development, and if as a condition to obtaining the listing, you must agree to occupy a model home or other facility on the premises of the development for the purpose of selling new homes at the development for a limited period. Neither you nor any other Associates are permitted to conduct any other listing, sales, or other real estate services from the Temporary New Homes Sales Location, without our express written permission.

As noted in Item 1, if you wish to operate a New Homes Sales Location, you must enter into an Addendum to the Franchise Agreement to open a Temporary New Homes Sales Location, which is attached to this Disclosure Document as Exhibit D. We have the right to review, in our discretion, the listing agreement you enter into in connection with the Temporary New Homes Sales Location Addendum. You must operate the Temporary New Sales Location in accordance with the terms and conditions of the Franchise Agreement and the standards and specifications in the Brand Standards Manuals.

Except for KW Worldwide's development of real estate franchises in areas outside of the United States and Canada, neither we nor any of our affiliates operate, franchise, or have plans to operate or franchise a business under a different trademark, which business sells or will sell goods or services similar to those you will offer. (See Item 1.)

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain of our principal Trademarks only in the manner we authorize and permit, and only to operate the Market Center at the location specified in the Franchise Agreement.

The following principal Trademarks are registered with the U.S. Patent and Trademark Office ("USPTO") and are listed on the Principal Register.

Trademark	Federal Registration Number	Date of Registration
KW	No. 2146559	March 24, 1998, renewed January 23, 2018
	No. 5073599	November 1, 2016, renewed November 12, 2021
Keller Williams	No. 2309099	January 18, 2000, renewed January 8, 2020
	No. 4724633	April 21, 2015 renewed July 18, 2024
Keller Williams Luxury International	No. 5406528	February 20, 2018 renewed March 1, 2023
KW Commercial	No. 3845921	September 7, 2010 renewed February 18,2020
KW Land	No. 5729053	April 16, 2019 Renewed May 6, 2024

As of the date of this Disclosure Document, any required affidavits or renewals pertaining to these Trademarks have been filed with the USPTO. We own these Trademarks.

We use Keller Williams Realty as a service mark for real estate and brokerage services that our franchisees and their brokers render, and we use the logo that appears on the cover of this Disclosure Document. We have not applied to register the Keller Williams Realty service mark as a standard character mark with the USPTO or with any state trademark administrator. By not having a federal registration on the Principal Register for unregistered marks and those with pending applications, we do not have certain presumptive legal rights granted by a registration on the Principal Register.

There are no presently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, any pending infringement, opposition, or cancellation proceedings, or any pending litigation involving these Trademarks that might affect our ownership or use of them. There are no agreements currently in effect which significantly limit our rights to use or license the use any of these Trademarks in any manner material to the Market Centers.

You must immediately notify us of any infringement of the Trademarks or challenge to your use of any of the Trademarks or claim by any person of any rights in any of the Trademarks. The members of your Franchisee's Group are not permitted to communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We have sole discretion to take action as we determine appropriate and the right to exclusively control any litigation or USPTO or other administrative or other agency proceeding arising out of any infringement, challenge or claim, or otherwise relating to any of our Trademarks. You must sign any and all instruments and documents, render such assistance and do such

acts and things as may, in our counsel's opinion, be necessary or advisable to protect and maintain our interests in any litigation or proceeding or to otherwise protect and maintain our interest in the Trademarks.

You will have no right to use any of the Trademarks on or in connection with the internet, except as expressly provided in Article 9 of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Trademark described above or to protect you against claims of infringement or unfair competition concerning them. However, although we are not contractually obligated to protect our Trademarks or your right to use them, we defend our active Trademarks.

We may require you, at your expense, to discontinue or modify your use of any of the Trademarks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we, in our discretion, determine that the addition or substitution will be beneficial to the System.

You must sign any documents which we or our counsel require to obtain protection for the Trademarks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of or our ownership in the Trademarks.

In order to preserve the validity and integrity of the Trademarks and to ensure that you are properly using the Trademarks in the operation of the Market Center, we or our designated agents will at all reasonable times have the right to inspect your business operations. You must cooperate with our representatives in this inspection and render such further assistance as may be reasonably requested.

You, at all times and in all advertising, promotions, other display materials, on your letterheads, business forms and at the Market Center, in all of your business dealings related to them and to the general public, must identify the Market Center under an assumed name (d/b/a or trade name), that we approve, together with the words "Each Office Is Independently Owned and Operated" prominently displayed or another similar designation we require. You must comply with our instructions in filing and maintaining any trade name or fictitious name registrations and must sign any documents we or our counsel require to protect Trademarks or to maintain their continued validity and enforceability.

You must use the Trademarks in the manner as we request. You may not use any of our Trademarks as part of any business entity name whether corporate or an assumed, "doing business as" name or with any prefix, suffix or other modifying words, terms, designs or symbols other than logos licensed by us to you. In addition, you may not use any proprietary Trademark in selling any unauthorized service or in any other manner we have not explicitly authorized in writing.

The right to use and license of the Trademarks granted in the Franchise Agreement is non-exclusive to you. We have and retain the right:

1. To use the Trademarks ourselves with selling products and services;

2. To grant other licenses for the use of the Trademarks in addition to those limited trademark licenses already granted to existing franchisees;

3. To develop and establish other systems using the same or similar Trademarks, or other proprietary marks, and to grant limited trademark licenses or franchises to them without providing any rights in them to you; and

4. To engage, directly or indirectly, through our employees, representatives, franchisees, assigns, Associates, and others, at wholesale, retail or otherwise, in (1) the production, distribution, license

and sale of products and services and (2) the use with such production, distribution, license and sale of the Trademarks and any and all other trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

There are no infringing uses of our principal Trademarks actually known to us that could materially affect your use of them.

The Business Center may use different trademarks that we develop, from time to time, to designate the Business Center. Currently we have not developed different trademarks for Business Centers.

We require you to acknowledge and agree in the Franchise Agreement that neither you nor we has or will grant to anyone employed by you or affiliated with you, including your Associates, any direct or indirect right or license to the Trademarks but, rather, that their use of the Trademarks comes under and is subject to the limited trademark license granted under the Franchise Agreement.

ITEM 14
PATENT, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We do not own any rights in or licenses to any patents or registered copyrights that are material to this offering. We do not have any pending patent applications that are material to the franchise. We claim copyright protection in all original materials used in the System, including the MC Operating Software and any other of our proprietary software, the Brand Standards Manuals and other written and electronic materials in various media formats relating to operating the Market Centers and advertising and promotional materials used in the System.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

Confidential Information: All members of your Franchisee's Group are prohibited, during the term of the Franchise Agreement, from communicating, divulging, or using for the benefit of any other individual or business entity any confidential information, knowledge, or know-how concerning the methods of operating the Market Centers which we may communicate to any member of your Franchisee's Group of which they may become aware of because of your operation of the Market Center under the terms of the Franchise Agreement. You, each of your Controlling Principals and each of your Franchisee's Principals are permitted to divulge this confidential information only to those of members of your Franchisee's Group and Associates who must have access to it in order to conduct the business of the Market Center. Any and all information, knowledge, know-how and techniques used in or related to the System which we communicate to you including the MC Operating Software, the contents of the Brand Standards Manuals, the structure and operation of the Associate leadership councils and profit sharing plan, plans and specifications, marketing information and strategies, and site evaluation and selection techniques, information related to the finances, operating results and expiration dates of franchise agreements between us and Market Center franchisees, or other information that we designate as confidential are deemed confidential for purposes of the Franchise Agreement. No member of your Franchisee's Group is permitted at any time, without our written consent, to copy, duplicate, record, or otherwise reproduce these materials or information, nor otherwise make them available to any unauthorized person.

Members of your Franchisee's Group who will have access to any of our confidential information and who have not signed the Agreement and Guaranty of Controlling Principals or the Undertaking of Franchisee's Principals must sign covenants that they will maintain the confidentiality of the information

they receive as a result of their relationship with you. (See Item 17). Also, you must cause all of your Associates to enter into an agreement with you that includes a covenant that requires the Associates to maintain the confidentiality of the lists of customers or Associates and any other similar confidential information that your Associates receive based on their relationship with you under the requirements described in the Franchise Agreement and the Brand Standards Manuals.

If any member of your Franchisee's Group develops any new concept, process, literature or improvement in the operation or promotion of the Market Center based on information provided to them by us or otherwise developed for use in the System, you must promptly notify us and provide us with all necessary information concerning the concept, process, literature or improvement without compensation. You, your Controlling Principals and your Franchisee's Principals acknowledge in the Franchise Agreement that any concept, process or improvement will become our property and we may utilize or disclose this information to other franchisees as we determine to be appropriate. If, however, a member of your Franchisee's Group develops any new concept, process, or improvement in the development, operation or promotion of Market Centers independently, not based on any information we provided to them or otherwise developed for use in the System, this concept, process or improvement will remain your property or their property, as the case may be. You must provide us with all necessary information concerning this property, and we may utilize or disclose this information to other franchisees as we determine to be appropriate.

You must promptly notify us of any infringement of or challenge to your use of any confidential or other proprietary information. We will have sole discretion to take whatever action we deem appropriate. Under the Franchise Agreement, we have the right to control any litigation or administrative proceeding with respect to our confidential or other proprietary information. You will cooperate in the prosecution or defense of any action we undertake. If the action is a result of your conduct, acts or omissions, you must reimburse us for the costs of the action, including our attorneys' fees and expenses.

If we decide that you should modify or discontinue your use of any proprietary information and/or substitute proprietary information, you must comply with this decision. The Franchise Agreement does not provide for you to receive any compensation for tangible costs of changing any methods or procedures or copyrighted material.

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

You must form a business entity such as a corporation, partnership or limited liability company to sign the Franchise Agreement. Your business entity must be newly created solely for the purpose of operating a Market Center and not have conducted any prior business.

There is no obligation for the franchisee to participate personally in the direct operation of the franchise business, but you must designate and retain at all times an individual to serve as the Operating Principal of your Market Center. You must designate your original Operating Principal in your franchise application. The Operating Principal must (1) have substantial authority and control over the day-to-day management and operation of the Market Center, including the authority to execute the Franchise Agreement and any other agreements or documents related to the Market Center on your behalf; (2) be fully authorized without further approval of any member of Franchisee's Group to take or omit any action that you are required or authorized to take or not take under the Franchise Agreement and/or with regard to the management and operation of the Market Center; and (3) be your designated representative and spokesperson on all matters pertaining to the Franchise Agreement, and we will have the right to rely on written and other statements from the Operating Principal. However, your Operating Principal need not have any ownership interest in you. Further, the Operating Principal must devote significant time and best efforts to the supervision and management of the Market Center. Unless you have otherwise secured the

services of a real estate broker, the Operating Principal must be a real estate broker duly licensed under the laws of the state in which the Market Center is located.

The Operating Principal must meet the above qualifications and criteria established for the position and as set forth in the Brand Standards Manuals and must be acceptable to us in our discretion. We may evaluate the Operating Principal's performance and qualifications as appropriate. If we revoke our approval of the Operating Principal as the result of an evaluation, or if the Operating Principal is unable to continue serving in such capacity or no longer qualifies to act as an Operating Principal, you must promptly notify us in writing and designate a qualified replacement Operating Principal within 60 days after the Operating Principal ceases to serve in that capacity, provided that in all cases you must obtain our prior written approval of such replacement Operating Principal. The replacement Operating Principal will be subject to the qualifications listed above, among others stated in the Franchise Agreement and the Brand Standards Manuals, including our prior written approval of the individual you designate. You will provide for interim management of the Market Center, (unless otherwise approved in writing) who must also be acceptable to us in our discretion, until a suitable replacement begins, in all cases not longer than 60 days.

Under the Franchise Agreement, you must also designate and retain an individual to serve as your Team Leader. A Team Leader has primary responsibility for the Market Center's Associate recruiting program and other duties as described in the Brand Standards Manuals. The Team Leader must devote his or her substantial energy and best efforts to the management, operation and development of the Market Center and may not engage in any other business activity, specifically including real estate sales. The Team Leader may not engage in business activities that would be or would be perceived as being competitive with Associates of the Market Center. The same individual may not serve as both Operating Principal and Team Leader for the same Market Center. Also, your Team Leader may not hold the position of Team Leader for any other Market Center. We may, at any time and for any reason, evaluate the Team Leader's performance and qualifications in our discretion, and revoke approval of a Team Leader at any time, including but not limited to, revoking approval of a Team Leader where a Team Leader is causing disruption or potential disruption in the Market Center. If any Team Leader approval is revoked or the Team Leader is not able to continue to serve in such capacity or no longer qualifies to act as such, you must promptly notify us in writing and designate a qualified replacement Team Leader within 60 days after the Team Leader ceases to serve in that capacity, provided that in all cases you must obtain our prior written approval of such replacement Team Leader.

You must also designate and retain an individual to serve as the Market Center Administrator. The Market Center Administrator must meet the qualifications and criteria established for the position set forth in the Franchise Agreement and in the Brand Standards Manuals and must be acceptable to us in our discretion. The Market Center Administrator will assist the Team Leader in conducting the day-to-day operation of the Market Center and will have all of the duties set forth for such position in the Brand Standards Manuals. The Market Center Administrator will devote his or her substantial energy and best efforts to his or her responsibilities as Market Center Administrator and will not engage in any other business activity. We may, at any time and for any reason, evaluate the Market Center Administrator's qualification and criteria in our discretion. If any Market Center Administrator approval is revoked or the Market Center Administrator is not able to continue to serve in such capacity or no longer qualifies to act as such, you must promptly notify us in writing and designate a qualified replacement Market Center Administrator within 60 days after the Market Center Administrator ceases to serve in that capacity, provided that in all cases you must obtain our prior written approval of such replacement Market Center Administrator.

The Operating Principal, Team Leader, Market Center Administrator, Franchisee's Principals and certain other designated members of your Franchisee's Group must attend Franchise Systems Orientation and satisfy certain other training requirements described in Item 11 above. Franchisee's Principals and other designated members of the Franchisee's Group will be offered the courses for the standard registration fee we charge for these courses. (See Items 5, 6 and 11.)

Any individual you subsequently designate in the position of Operating Principal, Team Leader or Market Center Administrator or other persons who subsequently become a Franchisee's Principal must attend Franchise Systems Orientation prior to becoming a Franchisee's Principal. You must pay us a reasonable fee for such training, including training of any replacement individual for any position. The Operating Principal, Team Leaders, Market Center Administrator, and each Franchisee's Principal must also attend Franchise Systems Orientation at least once every three calendar years during the term of the Franchise Agreement.

All of the persons or business entities that we designate as your Controlling Principals must jointly and severally guarantee your performance under the Franchise Agreement and must bind themselves individually to the terms of the Franchise Agreement pursuant to an Agreement and Guaranty of Controlling Principals, which is attached at the end of the Franchise Agreement. All of your other Franchisee's Principals who we do not designate as Controlling Principals and require to sign the Agreement and Guaranty of Controlling Principals must bind themselves to certain personal obligations by signing an Undertaking of Franchisee's Principals, which is attached at the end of the Franchisee Agreement. The Agreement and Guaranty of Controlling Principals and Undertaking of Franchisee's Principals also cover obligations of members of your Franchisee's Group. We do not require spouses who have no ownership interest or role in the business to sign the Agreement and Guaranty of Controlling Principals or Undertaking of Franchisee's Principals.

You must also obtain signed covenants against competition (including covenants applicable on the termination of a person's employment by you) from your Operating Principal, Team Leader, Market Center Administrator and any other of your personnel who have received or will receive training or confidential information from us, as described in Item 17. You also must have your Operating Principal, Team Leader, Market Center Administrator and any other of your personnel having access to any of our confidential information sign covenants that they will maintain the confidentiality of the information they receive in their relationship with you. (See Items 14 and 17). These covenants should be substantially in the form contained in Attachment E to the Franchise Agreement.

Before you sign the Franchise Agreement, you must confirm to us that no member of the Franchisee's Group directly or indirectly owns, maintains, operates, engages in, or has any interest in, or will, directly or indirectly, own, maintain, operate, engage in, or have an interest during the term of the Franchise Agreement in any real estate business that competes with us, including any real estate business that involves (i) the real estate brokerage business; or (ii) the offer, sale or operational support of businesses in the real estate brokerage business (whether as a franchisor, regional representative, area director or other similar service provider capacity).

Your governing documents must also require all beneficial owners of any ownership or voting interests in you to relinquish or transfer their ownership or voting interest in you upon affiliating with any non-Keller Williams real estate brokerage business or business that diverts or attempts to divert any of your business or customers to any competitor, so that you and your Franchisee's Principals may comply with the transfer and non-competition covenants contained in the Franchise Agreement, as discussed above.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Market Center solely as a base of operations for a Keller Williams real estate brokerage business and the delivery of any authorized Keller Williams-related services. You must maintain business hours as provided in the Brand Standards Manuals or as we may specify from time to time in writing. You may not use or permit the use of the Market Center premises for any other purpose or activity at any time without first obtaining our written consent. If you choose to conduct commercial real estate operations, we must first approve and then sign a commercial real estate addendum.

In 2008, we launched our Commercial Division (now called our KW Commercial Community) and now offer existing Market Center Franchisees the right to perform commercial real estate brokerage services and to list and sell commercial real estate properties subject to certain qualifying terms and conditions in conjunction with their Market Center. Our goal is to provide commercial Associates the technology, marketing tools, and resources specific to the commercial business. If your Market Center decides to sell commercial property, you and your Controlling Principals must sign a Commercial Real Estate Addendum. The current form of the Commercial Real Estate Addendum is attached to this Disclosure Document as Exhibit F. Currently there is no additional fee to the Market Center Franchisee to have its Market Center list and sell commercial real estate properties, however, we reserve the right to reevaluate this policy in the future and begin charging Market Center Franchisees an annual commercial licensing fee. Market Center Franchisees are responsible for monitoring the use of our trademarks and logos by their Associates affiliated with the Market Center Franchisee and resolving to our satisfaction any infringement of our trademarks and logos committed by those Associates. Market Center Franchisees may not allow their Associates to use KW Commercial Community marketing or instructional material unless the Associate is a paid member of the KW Commercial Community. During the entire time the Associate remains with the Market Center Franchisee, the Associate must agree that all expenses, revenues, production royalties, and profit sharing from any commercial transactions will be paid through the Market Center Franchisee in accordance with the terms and conditions set forth in the Franchise Agreement.

You have complete discretion, subject to applicable legal and regulatory controls, to negotiate the prices charged to customers for the services you provide.

You must maintain at all times competent, conscientious and trained personnel to operate the Market Center, and you must take all steps as necessary to ensure that your employees and Associates preserve good customer relations. You must take all necessary action to ensure that your employees and Associates conduct their activities according to the requirements of the System as described in the Brand Standards Manuals. We strongly encourage you to seek legal counsel for regulatory and compliance advice, including RESPA compliance, related to any service you offer through your Market Center. See Item 1.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services which you may offer or deliver or as to the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 3.01 of Franchise Agreement	Initial term of 5 years from the effective date of the Franchise Agreement.
b. Successor license or extension of the term	Section 3.02 of Franchise Agreement	You may be eligible to apply for a new 10-year term pursuant to the then-current Franchise Agreement. A new Market Center franchise agreement may be granted or not granted in our sole discretion.
c. Requirements for you to obtain a successor license or extend	Section 3.02(a) of Franchise Agreement	If we decide to grant you a new Market Center franchise agreement, you must satisfy all our conditions, which may include, but are not limited to the following: You must have complied with all of the terms and conditions of the expiring Franchise Agreement throughout its term; must give at least 210 days' notice; must have been making Profit Sharing Contributions on a regular basis in at least 4 out of each consecutive 5-month periods during the 24 months before the end of the term; at all times between date of notice and date new term begins be under management and supervision of an approved Operating Principal and Team Leader; repair and update equipment and Market Center premises; not be in default of any agreement with us or our affiliates; have right to remain in possession of Market Center premises; pay fee equal to 10% of the then-current Initial Franchise Fee being charged to prospective franchisees generally or $5,000, whichever is less; sign then-current form of Franchise Agreement, which may contain materially different terms and conditions as the original agreement, no less than 90 days prior to the expiration of the Franchise Agreement; sign a general release no less than 90 days prior to the expiration of the Franchise Agreement; each Franchisee's Principal, Operating Principal, Team Leader, and Market Center Administrator must comply with current qualification and training requirements; Franchisee's Group shall have exercised diligent efforts to develop the Market Center to its full potential during the term; Franchisee, Operating Principal, and Franchisee's Principal shall execute a form authorizing us to obtain a consumer report and to conduct a credit and background check; each Franchisee's Principal meets our then current subjective and objective criteria for new franchisees, including relevant experience, background, past record of compliance with laws, financial capacity, skills, integrity, education, and other qualities of character; and you must provide a copy of current financial statements, including its balance sheet, income statement, and cash flow statement for the Market Center for the last 5 years.
d. Termination by you	Not Applicable	Not Applicable, subject to applicable state law.

Provision	Section in Agreement	Summary
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with "cause"	Section 5.08 and Article 15 of Franchise Agreement	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. We may also temporarily suspend certain services and benefits to you if you fail to timely pay any fees to us.

g. "Cause" defined - curable defaults	Sections 15.02 and 15.03 of Franchise Agreement	Curable defaults may include, among others: you fail to open the Market Center and begin business operations in compliance with the terms and provisions of the Franchise Agreement within 90 days after the Effective Date; you open or allow to be opened an unauthorized office, including but not limited to a Business Center or Mega Agent Office; you and any Controlling Principle fail to pay when due any monies due to us; you fail to submit monthly production goals and business plans; you revoke our authorization to deduct monies due to us from your bank account or close the account; any member of the Franchisee's Group breaches any covenant or obligation regarding our Trademarks, or otherwise makes any unauthorized use of a Trademark, Copyrighted Material or any other element of the System; you fail to obtain execution of the confidentiality covenants; any member of the Franchisee's Group breaches any restriction or obligation related to internet usage; you fail to submit when due, or requested by us, any document or report or refuses to permit us to examine, copy, or conduct an audit; you fail to comply with the Profit Sharing Plan obligations; you fail to obtain or maintain the insurance coverage; You, any Controlling Principal, or any Franchisee's Principal fails or refuses to honor a request for indemnification; any member of the Franchisee's Group breaches any of its obligations under any amendment or addendum in connection with the Franchise Agreement; any member of Franchisee's Group fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in the Brand Standards Manuals; the license of the real estate broker under whose license the Market Center operates is suspended or revoked; any member of Franchisee's Group's fails to comply with the dispute resolution procedures under the Franchise Agreement; any member of the Franchisee's Group fails to fulfill any requirement, to perform any obligation, to observe any restriction, or makes a misrepresentation, or breaches a warranty or covenant regarding a franchisee business entity or its personnel; the Operating Principal, the Team Leader, or the Market Center Administrator fail to fulfill any requirement, to perform any obligation, or to observe any restriction in the Franchise Agreement; you fail to pay when due any tax arising from the operation of the Market Center, or fail to timely obtain or maintain any permit, certificate, or license, required to operate the Market Center; you fail to fulfill any requirement or to perform any obligation regarding advertising or promotion of the Market Center; any member of Franchisee's Group's failure to timely cure an Event of Default under another Keller Williams Franchise Agreement, Regional Representative Agreement, or any other agreement with us or our Affiliates or Regional Representatives; any Associate engaged in expansion activities and affiliated with you signing the Franchise Agreement (the home Market Center) fails to comply with the local standards, policies and guidelines of any other Keller Williams Franchisee (the new Market Center where the Associate is expanding); any member of Franchisee's Group fails to comply with any other provision of the Franchise Agreement or the Brand Standards Manuals; the lease for the Market Center expires or is terminated on account of your default, and you fail to timely reopen the Market Center in another location approved by us; you lose possession of the original Market Center premises on account of eminent domain proceedings, and you fail to initiate the relocation and site selection approval procedure in time to lease, build-out and open the new Market Center for business within 60 days after the original Market Center closes; the lease for the Market Center terminates because of fire or other casualty

Provision	Section in Agreement	Summary
		and you fail to open a new Market Center for business in another location approved by us.
h. "Cause" defined – non-curable defaults	Section 15.04 of Franchise Agreement	Non-curable defaults may include, among others: we receive credible evidence that any member of the Franchisee's Group has sexually harassed or intimidated any individual; has intentionally engaged in racial, ethnic, religious, sexual or other offensive discrimination against any individual or group; has knowingly engaged in any other activity or business practice that we reasonably considers detrimental to our reputation or public image or that of or our Affiliates or their owners, directors, officers or employees, the Keller Williams Realty name or the network of Market Centers; has acted in a manner that conflicts with our mission statement, our business philosophy and culture or with our franchisees' best interests regardless of whether any member of the Franchisee's Group benefitted; or has knowingly engaged in conduct that is grossly unethical in relation to the culture and business values on which the System is founded, whether or not the behavior or conduct constitutes a violation of federal, state or local law; franchisee forfeits the right to transact business in the jurisdiction where the Market Center is located; the Market Center ranks in the bottom 25% of all Market Centers in terms of Gross Market Center Income, Core Profit, or Profit Sharing Contributions for eight consecutive months or for 10 of any 12 consecutive months and has failed to timely complete to our satisfaction any performance enhancement program; you fail to meet our minimum performance standards; the Market Center fails to make Profit Sharing Contributions in four out of any five consecutive months after 36 months since its Opening Date; the Market Center does not have Monthly Profit in any 5 of the prior 12 months (on a rolling basis) and has a net loss over the prior 12-month period (on a rolling basis) and fails to timely complete to our satisfaction any performance enhancement program; on three or more occasions in any 12-month period, you fail to pay monies due to us when due, or any member of the Franchisee's Group commits or allows to occur three or more Events of Defaults, whether or not the Events of Default are related types of defaults and whether or not they were cured; any member of Franchisee's Group misrepresents any of the statements or breaches any covenant with respect to terrorist activities and money laundering; any member of the Franchisee's Group breaches the confidentiality covenants or obligations in the Franchise Agreement; on three or more occasions in any 12-month period, you fail to transmit within five days of the deadlines any statement or report; you maintain false books or records or submit a materially false report to us; any member of the Franchisee's Group (i) sells, leases, conveys, gives away, pledges, mortgages, assigns, transfers, subfranchises, sublicences, encumbers or otherwise disposes voluntarily or involuntarily, directly or indirectly, of any interest in the Franchise Agreement or the Franchise in violation of the Franchise Agreement, (ii) fails to offer us the right of first refusal; or (iii) makes a misrepresentation in any transfer request or document in support of a transfer request; a Direct or indirect interest in the Franchise or in Franchisee is not timely transfer upon death, incapacity, or permanent disability as required by the Franchise Agreement; you or any member of the Franchisee's Group sells the Market Center's assets, relocates the Market Center without our express prior written permission, abandons the Market Center, or transfers possession of

Provision	Section in Agreement	Summary
		its premises; any member of the Franchisee's Group breaches the non-competition covenants or obligations in the Franchise Agreement; you or any member of Franchisee's Group fails to comply with our actions post-termination obligations or action in lieu of termination; any member of the Franchisee's Group fails to comply with our borrowing restrictions; you or any Franchisee's Principal becomes insolvent, is unable to pay the monetary obligations of you or a Franchisee's Principal as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute; a receiver or trustee is appointed to manage your or any Franchisee's Principal's assets, or a final judgment against you or any Franchisee's Principal for an amount in excess of $15,000 remains unsatisfied or of record for 30 days or longer (unless you or such Franchisee's Principal files a supersedeas bond before the end of the 30-day period); a suit to foreclose any security interest or other lien against any of the Market Center's assets is instituted and not dismissed within 30 days, or a sheriff, marshal or constable levies execution against any of the Market Center's assets to enforce a judgment obtained by any of your creditors; and any member of the Franchisee's Group is convicted of, or pleads guilty or no contest to, a crime punishable by imprisonment for more than one year or that involves an offense that us reasonably believes is likely to have an adverse effect on the goodwill associated with the Keller Williams name or the network of Market Centers.
i. Your obligations on termination/expiration	Section 16.01 of Franchise Agreement	You must cease operating the Market Center and stop using the Trademarks, Brand Standards Manuals and System, and completely de-identify the business. Alternatively, we may force you to sell the Market Center to a buyer we approve, but on your economic terms.
j. Assignment of contract by us	Section 14.01 of Franchise Agreement	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. You waive any claims from loss of the Trademarks or the System.
k. "Transfer" by you – defined	Section 14.02(a) of Franchise Agreement	Includes sale, assignment, conveyance, transfer, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Market Center or you.
l. Our approval of transfer by you	Section 14.02(b) of Franchise Agreement	You or your principals, as applicable, must obtain our prior written consent before transferring any interest. We may withhold our consent and require conditions on approval.

Provision	Section in Agreement	Summary
m. Conditions for our approval of transfer	Sections 14.02(b)(1)-(10) of Franchise Agreement	Conditions include, among others: you and each Franchisee's Principal must have satisfied all monetary and legal obligations to us and any business creditors, and must have timely met those obligations throughout the term of the Franchise Agreement; you and each Franchisee's Principal must cure all defaults under the Franchise Agreement or any other agreement; you, each Franchisee's Principal, each transferor and/or each transferee must submit to us for review and prior approval all proposed transfer documents; you, each Franchisee's Principal, each transferor and/or each transferee (as directed by us) must execute a transfer agreement and consent that includes a general indemnification and release, in a form prescribed by us, of all claims; each transferee has demonstrated to our satisfaction that transferee meets our subjective and objective criteria for new franchisees; you and/or each proposed transferee must establish to our satisfaction that the terms, conditions and structure of the sale are substantially commensurate with the fair market value for the purchased assets or interests and allow for sufficient cash flow after payment of all ordinary and necessary business expenses to satisfy debt service; you, each Franchisee's Principal, and each transferee must execute for a term ending on the expiration date of the Franchise Agreement, the standard form Franchise Agreement then being offered to new Franchisees and such other ancillary agreements as we may require for the Market Center; each transferee, the transferee's shareholders, members, managers, partners or other investors, shall execute such agreements as transferee's principals and shall guarantee the performance of all the transferee's obligations, contracts and agreements in writing in a form satisfactory to us; the transferee, at its expense, must upgrade the Market Center to conform to the then-current standards and specifications of Market Centers; each transferor must remain liable for all of the obligations to Company in connection with the Market Center incurred prior to the effective date of the transfer; at their own expense, each transferee and the Market Center's Operating Principal, Team Leader, Market Center Administrator, new Franchisee's Principals and such other members of the Franchisee's Group designated in the Brand Standards Manuals or otherwise in writing must attend Franchise Systems Orientation and must complete any other training programs then required for System Franchisees; if you sell or otherwise transfer your interests in the Franchise Agreement to a new franchisee entity, you shall provide evidence that the errors and omissions liability insurance policy or policies has been either: (i) extended for a period of two (2) years beyond the date we approve the transfer through the purchase of "tail" coverage; or (ii) replaced with a policy or policies maintained by the new franchisee entity that expressly covers claims brought in connection with the operation of the Market Center prior to the transfer; you or the new you entity must pay a transfer fee plus such amounts necessary to reimburse us for our costs and expenses; and you or the new franchisee entity must provide to us evidence that the representations, warranties and covenants you made regarding your business entity and personnel in the Franchise Agreement have been satisfied and are true and correct on the date of transfer..

Provision	Section in Agreement	Summary
n. Our right of first refusal to acquire your business	Section 14.04 of Franchise Agreement	Within 90 days after notice of a proposed transfer, we have the option to purchase the transferred interest on the same terms and conditions, which may include non-cash consideration.
o. Our option to purchase your business	Sections 14.04 and 16.04 of Franchise Agreement	In addition to our right of first refusal, on termination or nonrenewal of the franchise, we may purchase the Market Center for fair market value. Subject to state law, we have no obligation to purchase your business.
p. Your death or disability	Section 14.05 of Franchise Agreement	If one of your Franchisee's Principals dies, the executor must transfer the Principal's interest in the franchisee within 12 months. If one of your Principals is deemed incompetent or permanently disabled according to the terms of the Franchise Agreement that Principal must transfer his or her interest in the franchisee within six months after notice to us. The transfer will be subject to the provisions governing transfers.
q. Non-competition covenants during the term of the franchise	Section 17.02(a)(1) of Franchise Agreement	Subject to applicable law, you and your Franchisee's Principals may not: (A) divert or attempt to divert any business, customer or Associate of any Keller Williams market center, including any Business Center or Mega-Agent Office affiliated with any Keller Williams market center to any competitor of any Keller Williams market center or of us, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with our Trademarks and the System; (B) own, maintain, develop, operate, engage in, or have any direct or indirect interest in any real estate brokerage business, or accept employment from, or consult with, any real estate brokerage business that competes with us, our Affiliates or Franchisees, including any business that involves the offer, sale or operational support of businesses in the real estate brokerage business (whether as a franchisor, regional representative, area director, consultant, or other similar service provider capacity), except this limitation will not apply to a business that exclusively offers one of the following services: coaching for real estate professionals, title, mortgage, property management, insurance, or real estate school; or (C) establish in the Awarded Area assigned to any other Keller Williams Franchisee's Market Center an office or any other physical presence whether or not identified by or associated with any of the Trademarks.

Provision	Section in Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 17.02(a)(2) of Franchise Agreement	Subject to applicable law, for two years after the franchise is terminated or expires, you, your Controlling Principals and your Franchisee's Principals must not: (A) divert or attempt to divert any business, customer or Associate of any Keller Williams market center, including any Business Center or Mega-Agent Office affiliated with any Keller Williams market center to any competitor of any Keller Williams market center or of us, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with our Trademarks and the System; (B) employ or engage or seek to employ or engage any individual who is at the time employed or engaged by us or any Representative or Franchisee of ours, or employed by, retained, or engaged as an Associate of ours, in the United States, Canada, or anywhere else in the world, or otherwise directly or indirectly induce such an individual to leave his or her employment or to stop serving as an Associate for such party; or (C) own, maintain, operate, engage in, or have any interest in any real estate brokerage business that is located (i) in the Awarded Area; (ii) within 5 miles of the Awarded Area; or (iii) within a 10-mile radius of any other Market Center in existence or under construction as of the earlier of: (i) the termination, cancellation, expiration or transfer of your interest in the Franchise Agreement; or (ii) the date the Controlling Principal or Franchisee's Principal ceases to satisfy the definition of Controlling Principal or Franchisee's Principal. The 2-year period will not start until you and your Franchisee's Principals have started complying with the covenant.
s. Modification of the Franchise Agreement	Section 19.07 of Franchise Agreement	Franchise Agreement must comply with the Brand Standards Manuals as amended.
t. Integration/merger clause	Sections 19.05 and 19.06 of Franchise Agreement	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration	Section 20.03 of Franchise Agreement	Subject to applicable state law, except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at our headquarters in Austin, Texas. See State Specific Amendments to Franchise Agreement.
v. Choice of forum	Sections 20.02(a)(1), 20.03(b), 20.05(b) and 20.05(d) of Franchise Agreement	Subject to applicable law, the venue for all proceedings related to or arising out of the Franchise Agreement is Travis County, Texas, unless otherwise brought by us. See State Specific Amendments to Franchise Agreement.
w. Choice of law	Section 20.01 of Franchise Agreement	Subject to applicable law, the Franchise Agreement is to be interpreted and construed under Texas or Federal law. See State Specific Amendments to Franchise Agreement.

This table lists certain important provisions of the Business Center Addendum to the Franchise Agreement attached as Exhibit C to this Disclosure Document that differ from the Franchise Agreement and related agreements described in the first chart in this item.

Provision	Section in Agreement	Summary
a. Term of the Addendum	Section 7 of Addendum	Remaining term, including a successor license (if any), of the Franchise Agreement for the Market Center with which the Business Center is associated subject to earlier termination in accordance with the Addendum.
b. Renewal	None	None
c. Requirements for you to renew or extend	None	None
d. Termination by you	Section 7(f) of Addendum	You may terminate the Addendum at any time by closing the Business Center, de-identifying the premises, surrendering your rights and notifying us.
e. Termination by us without cause	Sections 7(b) and (d) of Addendum	We may terminate the Addendum if the Business Center is located outside a Market Center's territory and we decide to grant a franchise for the territory in which the Business Center is located. We may also terminate the Addendum if the Business Center's commission volume exceeds 25% of the associated Market Center's commission volume.
f. Termination by us with "cause"	Sections 7(a), (c) and (e) of Addendum	The Addendum will terminate automatically if the associated Franchise Agreement is terminated. We have the right to terminate the Addendum if we believe the Business Center's operations are adversely affecting the operation of the associated Market Center, and for your failure to comply with any term or condition set forth in the Addendum.
g. "Cause" defined - curable defaults	Sections 7(a), (c) and (e) of Addendum	The Addendum will terminate automatically if the associated Franchise Agreement is terminated. We have the right to terminate the Addendum if we believe the Business Center's operations are adversely affecting the operation of the associated Market Center, and for your failure to comply with any term or condition set forth in the Addendum.
h. "Cause" defined – non-curable defaults	Sections 7(a), (c) and (e) of Addendum	The Addendum will terminate automatically if the associated Franchise Agreement is terminated. We have the right to terminate the Addendum if we believe the Business Center's operations are adversely affecting the operation of the associated Market Center, and for your failure to comply with any term or condition set forth in the Addendum.
i. Your obligations on termination/expiration	None	Not Applicable; See Franchise Agreement
j. Assignment of contract by us	None	Not Applicable; See Franchise Agreement

Provision	Section in Agreement	Summary
k. "Transfer" by you – defined	None	Not Applicable; See Franchise Agreement
l. Our approval of transfer by you	None	Not Applicable; See Franchise Agreement
m. Conditions for our approval of transfer	None	Not Applicable; See Franchise Agreement
n. Our right of first refusal to acquire your business	None	Not Applicable; See Franchise Agreement
o. Our option to purchase your business	None	Not Applicable; See Franchise Agreement
p. Your death or disability	None	Not Applicable; See Franchise Agreement
q. Non-competition covenants during the term of the franchise	None	Not Applicable; See Franchise Agreement
r. Non-competition covenants after the franchise is terminated or expires	None	Not Applicable; See Franchise Agreement
s. Modification of the Franchise Agreement	None	Not Applicable; See Franchise Agreement
t. Integration/merger clause	None	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration	None	Subject to applicable law, not applicable; See Franchise Agreement
v. Choice of forum	None	Subject to applicable law, not applicable; See Franchise Agreement
w. Choice of law	None	Subject to applicable law, not applicable; See Franchise Agreement

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise program.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-affiliated or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Debbie Gardner in our Franchise Systems Department at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746 and (512) 327-3070, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

MARKET CENTERS
(see below for charts covering Business Centers)

TABLE NO. 1
SYSTEMWIDE MARKET CENTER SUMMARY
FOR FISCAL YEARS 2022 TO 2024

Market Center Type	Year	Market Centers at the Start of the Year	Market Centers at the End of the Year	Net Change
Franchised*	2022	794	784	-10
	2023	784	766	-18
	2024	766	762	-4
Company-Affiliated*	2022	17	42	+25
	2023	42	44	+2
	2024	44	11	-33
Total Market Centers/***	**2022**	**811**	**826**	**+15**
	2023	**826**	**810**	**-16**
	2024	**810**	**773**	**-37**

*For purposes of the mathematical calculations of the Item 20 charts, Market Centers were counted as either "Company-Affiliated Market Centers" or "Franchised Market Centers" according to Item 20 specifications as of December 31st of each year. As such, the Company-Affiliated Market Centers and Franchised Market Centers totals may not consistently reconcile on a year-to-year basis. We treat as "Company-Affiliated Market Centers" any Market Center for our Item 2 listees have a material ownership interest.

**As noted in Item 1, KWEN brokerages that were opened in 2023 or 2024 are counted as company-affiliated Market Centers.

***Total number of Market Centers in this Table No. 1 and the other Tables may differ from the numbers provided in our prior franchise disclosure documents. These numbers now reflect Market Centers approved for operation and opened by fiscal year end, as opposed to the date of the Market Center franchise agreement.

TABLE NO.2
TRANSFERS OF MARKET CENTERS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2022 TO 2024

State	Year	Number of Transfers
California	2022	1
	2023	2
	2024	1
Florida	2022	2
	2023	0
	2024	1
Georgia	2022	0
	2023	0
	2024	1
Illinois	2022	0
	2023	2
	2024	0
Kentucky	2022	0
	2023	0
	2024	1
Maryland	2022	0
	2023	0
	2024	1
Massachusetts	2022	0
	2023	1
	2024	2
Minnesota	2022	1
	2023	1
	2024	1
Montana	2022	0
	2023	1
	2024	0
Nevada	2022	0
	2023	0
	2024	3
New Jersey	2022	0
	2023	1
	2024	0
North Carolina	2022	0
	2023	1
	2024	0
Pennsylvania	2022	0
	2023	0
	2024	1
Rhode Island	2022	1
	2023	0
	2024	0
Texas	2022	2
	2023	4
	2024	0
Canada	2022	0
	2023	0

State	Year	Number of Transfers
	2024	1
Totals	**2022**	**7**
	2023	**13**
	2024	**13**

TABLE NO. 3
FRANCHISED MARKET CENTERS STATUS SUMMARY
FOR FISCAL YEARS 2022 TO 2024

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Market Centers Operating at Year End
Alabama	2022	14	1	0	0	0	0	15
	2023	15	0	0	0	0	0	15
	2024	15	0	0	0	0	0	15
Alaska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	16	0	0	0	0	3	13
	2023	13	0	0	0	0	0	13
	2024	13	0	0	0	0	0	13
Arkansas	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	1	0	3
	2024	3	0	0	0	0	0	3
California**	2022	103	1	0	2	0	4	98
	2023	98	0	4	0	0	1**	93
	2024	93	2	3	0	1*	1	92
Colorado	2022	25	0	0	2	0	0	23
	2023	23	0	1	0	0	0	22
	2024	22	0	0	1	0	0	21
Connecticut	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Delaware	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	1	0	3
	2024	3	0	0	0	0	1	2
District of Columbia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	76	0	0	0	0	1	75
	2023	75	1	1	0	0	0	75
	2024	75	2	0	0	0	0	77
Georgia	2022	34	0	0	0	0	0	34
	2023	34	1	0	0	0	0	35
	2024	35	2	0	0	0	0	37
Hawaii***	2022	3	1	0	0	0	1	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Idaho	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Illinois**	2022	18	0	0	0	0	0	18
	2023	18	0	0	1	1	0	18
	2024	18	0	0	0	0	0	18
Indiana	2022	9	0	0	0	0	1	8
	2023	8	0	0	1	0	0	7
	2024	7	0	0	0	0	0	7
Iowa	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Market Centers Operating at Year End
	2024	4	0	0	0	0	0	4
Kansas	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Kentucky	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	1**	9
	2024	9	0	0	0	0	0	9
Louisiana	2022	15	0	1	0	0	1	13
	2023	13	0	0	0	0	0	13
	2024	13	0	0	0	0	1	12
Maine	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	16	0	0	0	0	1	15
	2023	15	0	0	0	0	0	15
	2024	15	0	0	1	0	0	14
Massachusetts**	2022	20	0	0	0	0	1	19
	2023	19	0	0	0	0	1**	18
	2024	18	0	0	0	0	0	18
Michigan	2022	22	0	0	0	0	1	21
	2023	21	0	0	0	0	1**	20
	2024	20	0	0	0	0	0	20
Minnesota	2022	14	0	0	0	0	0	14
	2023	14	0	0	1	0	0	13
	2024	13	0	0	0	0	0	13
Mississippi	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Missouri**	2022	9	0	0	0	0	1	8
	2023	8	0	0	0	3	1**	10
	2024	10	0	0	0	0	0	10
Montana	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Nebraska	2022	1	0	0	0	0	0	3**
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Nevada	2022	8	0	0	0	0	1	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
New Hampshire	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
New Jersey**	2022	35	1	0	0	0	0	36
	2023	36	0	0	0	4	1**	31
	2024	31	0	0	0	1*	0	32
New Mexico	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
New York	2022	28	0	0	0	0	0	28
	2023	28	0	0	0	0	0	28
	2024	28	1	0	0	0	0	29
North Carolina**	2022	28	1	0	0	0	0	29
	2023	29	0	0	0	0	0	29
	2024	29	0	0	0	0	0	29
North Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Market Centers Operating at Year End
	2024	1	0	0	0	0	0	1
Ohio**	2022	19	0	0	0	0	0	19
	2023	19	0	0	0	0	0	19
	2024	19	0	0	0	0	1	18
Oklahoma	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	2*	1	9
Oregon	2022	11	0	0	0	0	1	10
	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	0	10
Pennsylvania	2022	29	0	0	0	0	0	29
	2023	29	0	0	0	2	2**	25
	2024	25	0	0	0	1*	0	26
Rhode Island	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
South Carolina	2022	14	0	0	0	0	0	14
	2023	14	0	0	0	0	0	14
	2024	14	0	0	0	0	0	14
South Dakota	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	15	1	0	0	0	0	16
	2023	16	0	1	0	0	0	15
	2024	15	0	0	0	0	0	15
Texas**	2022	55	0	0	0	0	0	55
	2023	55	0	0	0	3	1**	51
	2024	51	1	1	2	0	0	49
Utah**	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	3	0	7
	2024	7	1	0	0	0	0	8
Vermont	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	27	1	1	0	0	0	27
	2023	27	0	1	0	0	1**	25
	2024	25	0	0	0	0	0	25
Washington	2022	21	1	0	0	0	0	22
	2023	22	0	0	0	0	0	22
	2024	22	0	0	0	0	1	21
West 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
Wisconsin	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	2	8
Wyoming	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Canada**	2022	27	3	0	0	0	1	29
	2023	29	3	0	1	0	0	31
	2024	31	0	0	1	0	1	29
Totals	**2022**	**794**	**13**	**0**	**5**	**0**	**20**	**784****
	2023	**784**	**6**	**8**	**4**	**18*****	**10**	**766**
	2024	**766**	**9**	**4**	**5**	**5**	**9**	**762**

*For purposes of the mathematical calculations of the Item 20 charts, Market Centers were counted as either "Company-Affiliated Market Centers" or "Franchised Market Centers" according to Item 20 specifications as of December 31st of each year.
**As such, the Company-Affiliated Market Centers and Franchised Market Centers totals may not consistently reconcile on a year-to-year basis. In addition, Table Nos. 3 and 4 do not account for transfers or consolidations of Market Centers.
*** A total of 10 open and operating Market Centers owned by our executives moved from Franchised to Company-Affiliated in the 2023 Tables as persons who owned Market Centers became executives, and are listed as Reacquired by Franchisor.
Please note the following states had corrections made for the 2023 year within the reacquired by franchisor column: Arkansas, Illinois, Missouri and Utah.

TABLE NO. 4
COMPANY-AFFILIATED MARKET CENTERS STATUS SUMMARY
FOR FISCAL YEARS 2022 TO 2024

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Market Centers Reacquired from Franchisee*	Market Centers Closed	Market Centers Sold to Franchisee	Market Centers Operating at End of Year
Arizona	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Arkansas	2022	2	0	0	0	1	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
Alabama	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
California	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	1**	1	0
Connecticut	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Delaware	2022	0	1	0	0	0	1
	2023	1	0	1	0	0	2
	2024	2	0	0	1	0	1
District of Columbia	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Florida	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Georgia	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Hawaii	2022	0	1	0	0	0	1

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Market Centers Reacquired from Franchisee*	Market Centers Closed	Market Centers Sold to Franchisee	Market Centers Operating at End of Year
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Idaho	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Illinois	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
Indiana	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Kansas	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Kentucky	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Louisiana	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Maryland	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Massachusetts	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Missouri	2022	3	1	0	0	0	4
	2023	4	0	0	0	3	1
	2024	1	0	0	1	0	0
Montana	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Nebraska	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
New Jersey	2022	0	0	0	0	0	0
	2023	0	0	4	0	0	4
	2024	4	0	0	0	1	3
North Carolina	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Market Centers Reacquired from Franchisee*	Market Centers Closed	Market Centers Sold to Franchisee	Market Centers Operating at End of Year
Ohio	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Oklahoma	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	1	2	0
Oregon	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
South Carolina	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Pennsylvania	2022	0	0	0	0	0	0
	2023	0	0	2	0	0	2
	2024	2	0	0	0	1	1
Tennessee	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Texas	2022	3	1	0	0	0	4
	2023	4	0	3	0	0	7
	2024	7	0	0	1	0	6
Utah	2022	3	1	0	0	0	4
	2023	4	0	0	0	3	1
	2024	1	0	0	1	0	0
Vermont	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Virginia	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0
Totals	**2022**	**17**	**28**	**0**	**0**	**3**	**42**
	2023	**42**	**0**	**10**	**0**	**8**	**44**
	2024	**44**	**0**	**0**	**28**	**5**	**11**

* A total of 10 open and operating Market Centers owned by our executives moved from Franchised to Company-Affiliated in the 2023 Tables as persons who owned Market Centers became executives and are listed as Reacquired by Franchisor.

** A total of 5 open and operating Market Center owned by our former executive moved from Company-Affiliated to Franchised in 2024.

TABLE NO. 5
PROJECTED MARKET CENTER OPENINGS
AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed but Market Center Not Opened	Projected New Franchised Market Centers in the Next Fiscal Year	Projected New Company Affiliated Market Centers in the Next Fiscal Year
Total	**0**	**0**	**0**

List of Current Market Center Franchisees

Attached as Exhibit I to this Disclosure Document is a list of Market Center franchisees as of December 31, 2024.

List of Former Market Center Franchisees

The following is a list of franchisees who had Market Centers terminated, canceled, not renewed during the 2024 fiscal year or otherwise voluntarily or involuntarily ceased doing business during 2024 or failed to communicate with us during the 10-week period immediately preceding the date of this Disclosure Document.

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

*means a Market Center converted to a Business Center

Entity	Address	City	State	Zip	Phone
Elite Realty Solutions, Ltd.	#A123-2099 Lougheed Hwy	Port Coquitlam	British Columbia	V3B 1A8	(604) 468-0010
Beach Cities RE, Inc.	830 S. Pacific Coast Highway, Suite 200	El Segundo	California	90245	(310) 939-9300
Silicon Valley Real Estate Group II, Inc.	180 Great Oaks Boulevard	San Jose	California	95119	(408) 694-9800
CENTRAL SD REAL ESTATE SALES, INC.	1660 Hotel Circle, N	San Diego	California	92108	(619) 814-7500
DTLA Real Estate, Inc.*	700 Flower St., Ste. 2900	Los Angeles	California	90017	(213) 797-7000
Win-Win Partners, LLC*	2650 W. Belleview Avenue, Suite 300	Littleton	Colorado	80123	(303) 985-1901
RM Realty Associates, LLC	56 W. Main St. Suite 101	Newark	Delaware	19702	(302) 738-2300
Slidell Group, LLC*	2053 East Gause Blvd. Ste 100	Slidell	Louisiana	70461	(985) 649-6333
Baltimore Market Center, LLC*	4015 Foster Ave, Suite 300	Baltimore	Maryland	21224	(410) 342-4444
Excel Realty, LLC*	550 Polaris Parkway, Ste. 150	Westerville	Ohio	43082	(614) 392-5000
NWOK, LLC*	911 S. Main St.	Stillwater	Oklahoma	74074	(405) 332-5553
1959088 ONTARIO, INC.	87 Lake Street	St. Catharines	Ontario	L2R 5X5	(905) 688-6688
Coppell Real Estate, Ltd.	1199 S Belt Line Road, Suite 103	Coppell	Texas	75019	(972) 350-5000

Excelsior Real Estate Sales and Property Management, LLC	6310 Delaware Extension	Beaumont	Texas	77706	(409) 860-3170
DKSAF, LLC	5435 N. Garland Ave., #190A	Garland	Texas	75040	(972) 240-4416
Jerene Broker Enterprises, LLC	224 W. Washington St., Ste. 103	Sequim	Washington	98382	(360) 504-3200
Capitol Partners, LLC*	200 E. Capitol Drive	Hartland	Wisconsin	53029	(262) 912-1400
Win Win Partners, LLC	200 River Place, Ste. 130	Monona	Wisconsin	53716	(608) 226-0800
Elite Realty Solutions, Ltd.	#A123-2099 Lougheed Hwy	Port Coquitlam	British Columbia	V3B 1A8	(604) 468-0010
Beach Cities RE, Inc.	830 S. Pacific Coast Highway, Suite 200	El Segundo	California	90245	(310) 939-9300
Silicon Valley Real Estate Group II, Inc.	180 Great Oaks Boulevard	San Jose	California	95119	(408) 694-9800
CENTRAL SD REAL ESTATE SALES, INC.	1660 Hotel Circle, N	San Diego	California	92108	(619) 814-7500

BUSINESS CENTERS

TABLE NO. 1
SYSTEMWIDE BUSINESS CENTER SUMMARY
FOR FISCAL YEARS 2022 TO 2024

Business Center Type	Year	Business Centers at the Start of the Year	Business Centers at the End of the Year	Net Change
Franchised	2022	460	479	+23
	2023	479	485	+6
	2024	485	484	-1
Company-Affiliated	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Business Centers	**2022**	**460**	**479**	**+19**
	2023	**479**	**485**	**+6**
	2024	**485**	**484**	**-1**

TABLE NO.2
TRANSFERS OF BUSINESS CENTERS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2022 TO 2024

State	Year	Number of Transfers
Totals	**2022**	**0**
	2023	**0**
	2024	**0**

TABLE NO. 3
BUSINESS CENTERS STATUS SUMMARY
FOR FISCAL YEARS 2022 TO 2024

State	Year	Business Centers Operating at Start of Year	Business Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Business Centers Operating at Year End
Alabama	2022	8	0	0	0	0	1	7
	2023	7	0	0	0	0	1	6
	2024	6	0	0	0	0	1	5
Alaska	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Arkansas	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Arizona	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	1**	0	0	0	1	6
California	2022	40	5	0	0	0	3	42
	2023	42	2**	0	0	0	3	41
	2024	41	2	0	0	0	2	41
Colorado	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	1**	0	0	0	0	9
Connecticut	2022	9	1	0	0	0	0	10
	2023	10	0	0	0	0	1**	9
	2024	9	0	0	0	0	0	9
Delaware	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Florida	2022	32	2	0	0	0	1	33
	2023	33	1	0	0	0	3	31
	2024	31	0	0	0	0	1	30
Georgia	2022	20	0	0	0	0	4***	16
	2023	16	1	0	0	0	0	17
	2024	17	1	0	0	0	0	18
Hawaii	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Idaho	2022	6	0	0	0	0	1	5
	2023	5	1	0	0	0	0	6
	2024	6	0	0	0	0	0	6
Illinois	2022	7	2	0	0	0	0	9
	2023	9	3	0	0	0	1	11
	2024	11	0	0	0	0	3	8
Indiana	2022	9	0	0	0	0	0	9

State	Year	Business Centers Operating at Start of Year	Business Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Business Centers Operating at Year End
	2023	9	1	0	0	0	2	8
	2024	8	0	0	0	0	0	8
Iowa	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	0	0	3
Kansas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kentucky	2022	2	2	0	0	0	0	4
	2023	4	1**	0	0	0	0	5
	2024	5	0	0	0	0	1	4
Louisiana	2022	7	2	0	0	0	1	8
	2023	8	0	0	0	0	0	8
	2024	8	1**	0	0	0	0	9
Maine	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Maryland	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	3**	0	0	0	1	7
Massachusetts	2022	26	1	0	0	0	2	25
	2023	25	2**	0	0	0	2	25
	2024	25	0	0	0	0	1	24
Michigan	2022	11	0	0	0	0	0	11
	2023	11	2**	0	0	0	1	12
	2024	12	0	0	0	0	0	12
Minnesota	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Mississippi	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Missouri	2022	5	2	0	0	0	0	7
	2023	7	1**	0	0	0	0	8
	2024	8	0	0	0	0	1	7
Montana	2022	5	1	0	0	0	0	6
	2023	6	1	0	0	0	1	6
	2024	9	0	0	0	0	0	6
Nebraska	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

State	Year	Business Centers Operating at Start of Year	Business Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Business Centers Operating at Year End
Nevada	2022	3	1	0	0	0	1	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
New Hampshire	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
New Jersey	2022	17	3	0	0	0	0	20
	2023	20	3**	0	0	0	0	23
	2024	23	3**	0	0	0	1	25
New Mexico	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	1	5
New York	2022	5	1	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	1	0	0	0	0	8
North Carolina	2022	19	0	0	0	0	0	19
	2023	19	1	0	0	0	1	19
	2024	19	0	0	0	0	1	18
Ohio	2022	11	1	0	0	0	0	12
	2023	12	0	0	0	0	0	12
	2024	12	1**	0	0	0	0	13
Oklahoma	2022	14	1	0	0	0	0	15
	2023	15	0	0	0	0	1	14
	2024	14	1**	0	0	0	0	15
Oregon	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	1	5
	2024	5	0	0	0	0	1	4
Pennsylvania	2022	22	0	0	0	0	0	22
	2023	22	2**	0	0	0	2	22
	2024	22	2**	0	0	0	1	23
Rhode Island	2022	3	1	0	0	0	1	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	1	0	0	0	0	10
Tennessee	2022	15	0	0	0	0	0	15
	2023	15	1	0	0	0	0	16
	2024	16	2	0	0	0	0	18
Texas	2022	41	1	0	0	0	0	42
	2023	42	0	0	0	0	0	42
	2024	42	0	0	0	0	1	41

State	Year	Business Centers Operating at Start of Year	Business Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Business Centers Operating at Year End
Utah	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	1	4
Vermont	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Washington	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
Washington D.C.	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
West 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
Wisconsin	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	1**	0	0	0	0	7
Wyoming	2022	0	2	0	0	0	1*	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Canada	2022	16	2	0	0	0	1*	17
	2023	17	2	0	0	0	1	18
	2024	18	0	0	0	0	2	16
Totals	**2022**	**460**	**37**	**0**	**0**	**0**	**18*/****	**479**
	2023	**479**	**30**	**0**	**0**	**0**	**24**	**485**
	2024	**485**	**21****	**0**	**0**	**0**	**22**	**484**

* means a Business Center was converted to a Market Center
** means a Market Center was converted to a Business Center
*** means a Business Center was converted to an Indie Mega Associate Office

TABLE NO. 4
COMPANY-AFFILIATED BUSINESS CENTERS STATUS SUMMARY*
FOR FISCAL YEARS 2021 TO 2023

State	Year	Business Centers Operating at Start of Year	Business Centers Opened	Business Centers Reacquired from Franchisee	Business Centers Closed	Business Centers Sold to Franchisee	Business Centers Operating at End of Year
Totals	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**

* We do not have any company-affiliated Business Centers

TABLE NO. 5
PROJECTED BUSINESS CENTER OPENINGS*
AS OF DECEMBER 31, 2024

State	Business Center Addenda Signed but Business Center Not Opened	Projected New Franchised Business Centers in the Next Fiscal Year	Projected New Company Affiliated Business Centers in the Next Fiscal Year
Total	**0**	**0**	**0**

*The establishment of Business Centers depends on Franchisee demand and a number of other factors, such as the volume of business generated at a Market Center. Accordingly, we have not attempted to project for the number of Business Centers that may open in 2025.

List of Current Business Centers

Attached to Exhibit I is a list of Market Center Franchisees that operated Business Centers as of December 31, 2024.

List of Former Business Centers

The following is a list of Business Center operators that either closed their Business Centers during 2024 or failed to communicate with us during the 10-week period immediately preceding the date of this Disclosure Document.

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

Business Center Name	Address	City	State	Zip	Phone:
KW Spring Hill	41 I-65 Service Rd N., Suite 183	Mobile	Alabama	36608	(251) 634-5112
Fountain Hills	12645 N Saguaro Blvd, Ste. 12	Fountain Hills	Arizona	85268	(480) 999-6250
Coquitlam	10-228 Schoolhouse Street	Coquitlam	British Columbia	V3K 6V7	(604) 468-0010
Maple Ridge	550-20395 Lougheed Highway	Maple Ridge	British Columbia	V2X 2P9	(604) 465-0030
KW Executive South Pasadena	1108 Fair Oaks Street	South Pasadena	California	91030	(626) 872-2207
Los Feliz North	2150 Hillhurst Avenue	Los Angeles	California	90027	(323) 300-1700
Middletown	755B North Broad Street	Middletown	Delaware	19709	(302) 376-0303
Miami Lakes	14261 Commerce Way, Suite 102	Miami Lakes	Florida	33016	(957) 237-0400
Schaumburg	953 American Lane, Suite 120B	Schaumburg	Illinois	60173	(630) 262-9500
East Peoria	2400 Main Street	East Peoria	Illinois	61611	(309) 282-1544
Chicago-O'Hare	8750 W. Bryn Mawr, Ste. 110E	Chicago	Illinois	60631	(312) 471-6444

Business Center Name	Address	City	State	Zip	Phone:
Georgetown	1002 Lexington Road, #2	Georgetown	Kentucky	40324	(859) 721-2121
Elkton	35 Augustine Herman Highway, Suite 102	Elkton	Maryland	21921	(410) 398-3434
Dartmouth	75 Brandt Street	Dartmouth	Massachusetts	2747	(508) 677-3233
Keller Williams Realty West Partners	101 Stag Industrial Blvd	Lake St. Louis	Missouri	63367	(636) 229-7500
Voorhees	180 Route 73, Unit 1203-1205	Voorhees	New Jersey	8043	(856) 441-6800
Angel Fire	10 N. Angel Fire Road, P.O. Box 1610	Angel Fire	New Mexico	87710	(575) 377-2321
Raleigh Downtown	510 Glenwood Ave, #201	Raleigh	North Carolina	27603	(919) 882-3240
Portland Central South	6400 SE Lake Road, Suite 200	Portland	Oregon	97222	(503) 496-5151
Sewickley, PA	417 Walnut Street	Sewickley	Pennsylvania	15143	(724) 933-8500
Odessa	4401 Grandview Avenue	Odessa	Texas	79762	(432) 272-4559
Draper	831 E Pioneer Road	Draper	Utah	84020	(801) 666-6200

*means Business Center converted to Market Center

Confidentiality Clauses

During the last three fiscal years, we have signed agreements with Franchisees that contain confidentiality clauses that would restrict their ability to speak openly about their experience. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Keller Williams Realty, LLC. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

Trademark-Specific Franchisee Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

The financial statements of Keller Williams Realty, LLC listed below are attached to this Disclosure Document as Exhibit A:

Unaudited statements:

Interim, unaudited Consolidated Balance Sheet and Consolidated Statement of Income for the Three Months Ended March 31, 2025

Audited statements:

Independent Auditor's Report

Consolidated Balance Sheets as of December 31, 2024 and December 31, 2023

Consolidated Statements of Income for the Years Ended December 31, 2024, December 31, 2023, and December 31, 2022

Consolidated Statements of Stockholders' Equity / (Deficit) for the Years Ended December 31, 2024, December 31, 2023, and December 31, 2022

Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, December 31, 2023, and December 31, 2022

Notes to Consolidated Financial Statements

Our fiscal year is December 31st of each calendar year.

As noted in Item 1, we converted to a limited liability company in February 2025. Therefore, our historical audited financials are all in the name of Keller Williams Realty, Inc.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts:

Exhibit B - Market Center Franchise Agreement

Exhibit C - Ancillary Business Addenda
- C-1 Business Center Addendum
- C-2 Affiliation Addendum (Non-REALTOR® Associates)
- C-3 Affiliation Addendum (Referral Associate)

Exhibit D - Temporary New Homes Sales Location Addendum

Exhibit E - Mega-Associate Office Addendum

Exhibit F - KW Commercial Real Estate Addendum

Exhibit G - Real Estate School Participation Addendum

Exhibit H - KW Prep Addendum

Exhibit M - Sample Form of General Release

Exhibit O - Application Documents

ITEM 23
RECEIPTS

Two copies of a Receipt for this Disclosure Document are attached as the last two pages of this booklet. Please sign, date and return one copy to us; retain the other copy for your files. Please act promptly; we cannot communicate with you any further until we receive your signed Receipt.

EXHIBIT A

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Keller Williams Realty, LLC and Subsidiaries
Consolidated Balance Sheet
Three Months Ended March 31, 2025
UNAUDITED

	March 31, 2025
Assets	
Current assets:	
Cash and cash equivalents	$ 73,204,331
Royalties and fees receivable, net	26,921,949
Profit and growth share receivable	5,180,153
Related-party receivables	1,071,317
Prepaid expenses and other current assets	16,089,369
Total current assets	122,467,119
Long-term assets:	
Noncurrent prepaid expenses and other noncurrent assets	12,766,910
Property and equipment, net	1,899,613
Internally developed software, net	26,833,433
Operating lease right-of-use assets, net	19,075,234
Goodwill	829,516,605
Intangible assets, net	61,712,113
Deferred tax asset, net	2,140,378
Total long-term assets	953,944,285
Total assets	**$ 1,076,411,404**
Liabilities and Stockholders' Deficit	
Current liabilities:	
Accounts payable	$ 6,347,892
Commissions payable	4,275,923
Profit and growth share payable	9,464,687
Accrued payroll	11,569,789
Current portion of related-party payables	1,040,000
Other accrued expenses	8,764,639
Current portion of deferred revenue	7,029,183
Current portion of deferred compensation	79,679
Current portion of lease liabilities	677,206
Current portion of notes payable	5,625,000
Total current liabilities	54,873,998
Long-term liabilities:	
Long-term portion of deferred revenue	8,164,716
Long-term portion of deferred compensation	800,089
Long-term portion of lease liabilities	21,067,510
Long-term portion of related-party payables	1,300,000
Long-term portion of other accrued expenses	20,000,000
Term loan	291,819,650
Total long-term liabilities	343,151,965
Total liabilities	$ 398,025,963
Stockholders' equity:	
Additional paid-in capital	618,790,514
Retained earnings	59,594,927
Total stockholders' equity	$ 678,385,441
Total liabilities and stockholders' equity	**$ 1,076,411,404**

Keller Williams Realty, LLC and Subsidiaries
Consolidated Statement of Income
Three Months Ended March 31, 2025
UNAUDITED

	March 31, 2025
Revenues:	
Franchise revenue	$ 534,775
Royalty revenue	43,521,876
Brokerage revenue	356,873
Service fees	28,708,796
Training, products and events	21,053,714
Other revenue	2,813,023
Total revenues	96,989,057
Commission expense	11,420,839
Brokerage cost of sales	61,272
Net revenue	85,506,946
Operating costs (gains):	
Payroll and related expenses	24,043,123
Consulting, professional services, and legal expense	14,588,707
Change in fair value of deferred compensation	(5,224,899)
Event costs	15,028,696
Technology service costs	7,760,515
Printing and fulfillment	174,537
Operating lease expense	1,100,430
Advertising expense	254,894
Depreciation	289,100
Amortization	9,873,706
Other operating costs	8,012,036
Total operating costs	75,900,844
Income (loss) from operations	9,606,102
Other income (expense):	
Other income	5,301
Interest expense and other, net	(1,458,803)
Net income (loss) before income tax expense	8,152,600
Income tax expense	752,667
Net income (loss)	**$ 7,399,933**

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Keller Williams Realty, Inc.
and Subsidiaries

Consolidated Financial Report
December 31, 2024

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RSM US LLP

Independent Auditor's Report

Board of Directors
Keller Williams Realty, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Keller Williams Realty, Inc. and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, related changes in stockholders' equity (deficit), statements of cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three the years in the period ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, subsequent to the date of the financial statements, the Company completed a transaction with a third party resulting in a change in control. Our opinion is not modified with respect to this matter.

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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

RSM US LLP

Austin, Texas
March 20, 2025

Keller Williams Realty, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 66,093,900**	$ 60,245,258
Royalties and fees receivable, net	**25,946,223**	23,470,602
Profit and growth share receivable	**4,602,648**	5,388,774
Related-party receivables	**1,496,113**	1,034,453
Prepaid expenses and other current assets	**14,017,779**	14,179,242
Total current assets	**112,156,663**	104,318,329
Restricted cash	**-**	8,750
Noncurrent prepaid expenses and other noncurrent assets	**12,436,393**	13,823,954
Note receivable from related party	**38,320,223**	39,336,986
Property and equipment, net	**2,066,663**	2,064,497
Internally developed software, net	**32,435,057**	52,431,914
Operating lease right-of-use assets, net	**16,230,917**	17,243,141
Goodwill	**2,949,997**	7,643,932
Intangible assets, net	**61,816,393**	63,734,999
Deferred tax asset, net	**2,138,274**	2,750,518
Total assets	**$ 280,550,580**	$ 303,357,020

Keller Williams Realty, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

	2024	2023
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	**$ 6,396,350**	$ 4,152,548
Commissions payable	**4,025,179**	5,378,505
Profit and growth share payable	**8,289,162**	8,151,282
Accrued payroll	**23,865,437**	24,450,941
Current portion of related-party payables	**1,040,000**	1,661,471
Other accrued expenses	**12,391,062**	60,329,132
Current portion of deferred revenue	**6,878,786**	10,218,265
Current portion of contingent consideration	**959,687**	1,967,453
Current portion of deferred compensation	**17,875,619**	6,042,054
Current portion of lease liabilities	**935,884**	763,846
Current portion of notes payable	**3,289,306**	4,523,811
Total current liabilities	**85,946,472**	127,639,308
Long-term liabilities:		
Long-term portion of deferred revenue	**8,314,041**	10,018,171
Long-term portion of contingent consideration	**-**	1,554,651
Long-term portion of deferred compensation	**6,024,988**	78,184,738
Long-term portion of lease liabilities	**17,051,308**	17,987,285
Long-term portion of related-party payables	**1,560,000**	2,600,000
Long-term portion of other accrued expenses	**20,000,000**	21,000,000
Line of credit	**36,134,029**	36,500,000
Term loan	**37,000,000**	-
Notes payable, less current portion	**5,504,224**	6,640,247
Total long-term liabilities	**131,588,590**	174,485,092
Total liabilities	**$ 217,535,062**	$ 302,124,400
Stockholders' deficit:		
Class A common stock; par value $0.01 per share; 1,000,000 shares authorized; 10 shares issued and outstanding	**-**	-
Class B common stock; par value $0.01 per share; 1,000,000 shares authorized; 2,212 shares issued and outstanding	**22**	22
Additional paid-in capital	**15,066,256**	12,134,714
Accumulated deficit	**(1,482,482)**	(58,532,822)
Total stockholders' equity / (deficit) attributable to Keller Williams Realty, Inc.	**13,583,796**	(46,398,086)
Noncontrolling interest	**49,431,722**	47,630,706
Total stockholders' equity	**63,015,518**	1,232,620
Total liabilities and stockholders' equity	**$ 280,550,580**	$ 303,357,020

Keller Williams Realty, Inc. and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
Revenues:			
Franchise revenue	**$ 3,482,951**	$ 3,020,545	$ 3,295,824
Royalty revenue	**207,667,410**	216,889,457	235,236,362
Brokerage revenue	**7,470,643**	57,672,683	218,189,468
Service fees	**119,665,197**	93,057,878	63,492,377
Training, products and events	**78,835,341**	94,420,915	108,400,147
Other revenue	**9,847,088**	10,197,209	8,459,977
Real estate platform revenue	**4,929,680**	22,007,755	15,455,878
Total revenues	**431,898,310**	497,266,442	652,530,033
Commission expense	**65,007,413**	77,102,867	84,208,892
Brokerage cost of sales	**6,216,446**	55,653,250	210,015,829
Real estate platform cost of sales	**2,624,942**	18,448,982	12,943,601
Net revenue	**358,049,509**	346,061,343	345,361,711
Operating costs (gains):			
Payroll and related expenses	**98,889,134**	96,753,254	74,555,827
Consulting, professional services, and legal expense	**60,488,996**	139,211,861	124,869,921
Change in fair value of deferred compensation	**(55,552,735)**	(26,056,554)	(39,215,879)
Change in fair value of contingent consideration	**(502,911)**	(165,213)	(3,240,711)
Event costs	**24,917,718**	22,133,250	23,373,468
Technology service costs	**32,460,805**	32,149,052	36,924,382
Printing and fulfillment	**365,903**	1,292,380	1,317,579
Operating lease expense	**3,583,945**	3,987,144	5,953,266
Advertising expense	**1,219,584**	1,495,589	1,319,376
Depreciation	**1,333,185**	1,117,232	1,226,731
Amortization	**38,926,222**	33,079,785	27,562,580
Impairment of intangible assets	**-**	-	370,833
Impairment of goodwill	**1,881,636**	16,896,861	10,055,157
Other operating costs	**16,961,186**	18,514,545	17,633,014
Total operating costs	**224,972,668**	340,409,186	282,705,544
Income from operations	**133,076,841**	5,652,157	62,656,167
Other income (expense):			
Change in fair value of investments	**(18,647)**	264,531	(406,575)
Other income	**54,980**	749,795	3,750,255
Interest expense and other, net	**(2,062,167)**	(1,185,105)	(670,435)
Net income before income tax expense	**131,051,007**	5,481,378	65,329,412
Income tax expense	**3,969,669**	2,473,151	6,575,020
Net income	**127,081,338**	3,008,227	58,754,392
Income attributable to noncontrolling interest	**(12,621,512)**	(13,905,751)	(23,932,396)
Net income (loss) attributable to Keller Williams Realty, Inc.	**$ 114,459,826**	$ (10,897,524)	$ 34,821,996

Keller Williams Realty, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity / (Deficit)
Years Ended December 31, 2024, 2023, and 2022

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Accumulated	Total Keller Williams Realty, Inc. Stockholders'	Noncontrolling	Total Stockholders' Equity /
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit	Interest	(Deficit)
Balance at December 31, 2021	10	-	2,212	22	12,059,729	(42,047,772)	(29,988,021)	36,726,754	6,738,733
Net income	-	-	-	-	-	34,821,996	34,821,996	23,932,396	58,754,392
Acquisition related non-controlling interest	-	-	-	-	-	-	-	2,766,778	2,766,778
Cash distributions	-	-	-	-	-	(13,437,772)	(13,437,772)	(17,294,318)	(30,732,090)
Balance at December 31, 2022	10	-	2,212	22	12,059,729	(20,663,548)	(8,603,797)	46,131,610	37,527,813
Net income / (loss)	-	-	-	-	-	(10,897,524)	(10,897,524)	13,905,751	3,008,227
Cash distributions	-	-	-	-	-	(26,971,750)	(26,971,750)	(12,648,142)	(39,619,892)
Sale of subsidiary stock	-	-	-	-	74,985	-	74,985	241,487	316,472
Balance at December 31, 2023	10	-	2,212	22	12,134,714	(58,532,822)	(46,398,086)	47,630,706	1,232,620
Net income	-	-	-	-	-	114,459,826	114,459,826	12,621,512	127,081,338
Cash distributions	-	-	-	-	-	(57,409,486)	(57,409,486)	(8,577,018)	(65,986,504)
Acquisition related non-controlling interest	-	-	-	-	-	-	-	(2,766,778)	(2,766,778)
Sale of subsidiary stock	-	-	-	-	2,931,542	-	2,931,542	523,300	3,454,842
Balance at December 31, 2024	**10**	**-**	**2,212**	**22**	**15,066,256**	**(1,482,482)**	**13,583,796**	**49,431,722**	**63,015,518**

Keller Williams Realty, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
Cash flows from operating activities:			
Net income	**$ 127,081,338**	$ 3,008,227	$ 58,754,392
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**1,333,185**	1,117,232	1,226,731
Amortization	**38,926,222**	33,150,238	27,562,580
Impairment of intangibles and goodwill	**1,881,636**	16,896,861	10,425,990
Deferred tax expense	**612,244**	(953,941)	4,033,192
Loss on disposition of subsidiary	**45,521**	-	-
Change in fair value of deferred compensation	**(55,552,735)**	(26,056,554)	(39,215,879)
Change in fair value of contingent consideration	**(502,911)**	(165,213)	(3,240,711)
Change in fair value of investments in securities	**18,647**	(36,091)	406,575
Legal settlement accrual, net of settlement payments	**(47,000,000)**	62,778,219	10,221,781
Stock-based compensation	**2,931,542**	74,985	-
Changes in operating assets and liabilities, net of acquisitions:			
Receivables	**(2,151,155)**	272,200	11,518,628
Prepaid expenses and other current assets	**1,350,826**	10,708,256	(6,470,158)
Operating lease right-of-use assets and lease liabilities	**248,285**	(222,457)	(369,198)
Accounts payable	**2,243,802**	(3,372,833)	(3,735,624)
Commissions payable	**(1,353,326)**	(28,219)	(2,126,343)
Deferred revenue	**(5,043,609)**	(366,699)	536,979
Deferred compensation	**(4,773,450)**	(5,590,337)	(6,939,749)
Profit share and accrued expenses	**(4,047,165)**	487,970	2,826,552
Net cash provided by operating activities	**56,248,897**	**91,701,844**	**65,415,738**
Cash flows from investing activities:			
Business combinations	**-**	117,363	(2,126,389)
Asset acquisitions, net of cash acquired	**-**	-	(558,900)
Cost method investment	**(28,630)**	(88,055)	(2,492,878)
Proceeds from sales of market centers	**-**	2,285,754	-
Purchases of property and equipment	**(1,335,351)**	(442,323)	(333,169)
Contingent consideration	**(2,059,506)**	(2,364,690)	(2,532,514)
Internally developed software	**(16,982,128)**	(19,904,728)	(28,815,167)
Disbursements for notes receivable	**-**	(14,709,091)	(1,800,000)
Disbursements for notes receivable - related parties	**-**	-	(50,000,000)
Collections on notes receivable	**179,550**	143,908	109,735
Collections for notes receivable - related parties	**1,016,763**	10,663,014	-
Net cash used in investing activities	**(19,209,302)**	(24,298,848)	(88,549,282)
Cash flows from financing activities:			
Dividends paid	**(65,986,504)**	(39,619,891)	(30,732,090)
Draw from line of credit	**36,134,029**	-	50,000,000
Draw from term loan	**40,000,000**	-	-
Repayment of line of credit	**(36,500,000)**	(13,500,000)	-
Repayment of term loan	**(1,000,000)**	-	-
Investment by non-controlling interest	**523,300**	241,487	2,766,778
Payments of notes payable	**(4,370,528)**	(2,603,190)	(4,002,611)
Net cash provided by / (used in) financing activities	**(31,199,703)**	(55,481,594)	18,032,077
Net (decrease) / increase in cash and cash equivalents	**5,839,892**	11,921,402	(5,101,467)
Cash and cash equivalents at beginning of year (including restricted cash)	**60,254,008**	48,332,606	53,434,073
Cash and cash equivalents at end of year (including restricted cash)	**$ 66,093,900**	$ 60,254,008	$ 48,332,606
Supplemental disclosures:			
Income taxes paid	$ 734,958	$ 696,478	$ 638,931
Interest paid	$ 5,156,008	$ 3,493,361	$ 1,752,762
Non-cash investing activities:			
Business combinations	$ -	$ -	$ 30,000,000

Note 1. Organization

Keller Williams Realty, Inc. (KWRI) and Subsidiaries (collectively, “we”, the “Company”, “it”, “us” or “our”) was formed as a Texas corporation in December 1994. KWRI sells and owns franchises of real estate brokerage offices and related services that operate under the Keller Williams Realty name. As of December 31, 2024, KWRI licensees were located in 50 states, the District of Columbia and seven provinces within 31 regions throughout the United States and Canada. Each licensee operates a market center within an awarded territory, within guidelines established by KWRI.

The number of KWRI franchisees reporting operations and the number of associates were as follows:

	December 31	
	2024	2023
Number of market centers	771	811
Number of associates	149,084	162,182

As of December 31, 2024 and 2023, KWRI held investments in certain consolidated affiliates related to the operations outlined below.

As of December 31, 2024, KW Worldwide had master licensing agreements in place in Europe, Asia, Africa, the Middle East, Mexico, Central and South America and the Caribbean.

As of December 31, 2024 and 2023, the number of KW Worldwide franchisees reporting operations and the number of associates were as follows:

	December 31	
	2024	2023
Number of market centers	285	320
Number of associates	17,322	18,628

Six consolidated limited partnerships and two limited liability companies have been formed to conduct regional operations under license agreements with KWRI to develop market centers in the United States of America.

In March 2024, the Company formed a wholly owned limited liability company and contributed 100% of its interests in three existing limited liability companies to this new entity. The three limited liability companies provided lead generation services to real estate agents and real estate title services to agents and potential homebuyers. The Company then sold 75% of its interest in the newly formed limited liability company. In return for the interest sold, the Company received a $2,700,000 nonrecourse note which matures in March 2034. See Note 13. After the sale, KWRI retains 25% interest in these entities; KWRI remains the primary beneficiary of these VIEs and therefore continues to consolidate these entities as of and for the year ended December 31, 2024.

Note 1. Organization (Continued)

In June 2024, the Company, through a consolidating subsidiary of which the Company is the primary beneficiary, exercised its option to purchase the regional license agreement it had previously sold in April 2023. The purchase price of the option exercise and the regional license agreement was offset by the full settlement of the nonrecourse notes issued in April 2023. See Note 13. The entity which previously held the regional license agreement was dissolved and is no longer consolidated as of December 31, 2024. Concurrently with the option exercise, the Company formed a limited liability company to conduct regional operations under the purchased regional license agreement. This limited liability company is wholly owned by a consolidating subsidiary and is consolidated as of and for the year ended December 31, 2024.

In August 2024, the Company withdrew its involvement with a consolidating subsidiary for $0 consideration. This resulted in a shift in ownership to the existing non-controlling interest. The Company concluded that this does not represent a strategic shift in and does not have a major effect on the consolidating entity's financial results. The transaction resulted in the reassessment of the useful lives of related customer relationship intangible assets as well as the removal of the associated goodwill of the sold entity. As a result, approximately $1,600,000 of accelerated amortization was recognized during the year ended December 31, 2024 related to customer relationship intangible assets. In addition, approximately $2,800,000 in goodwill directly associated with the entity was expensed and presented within the 'Other operating costs' expense line on our consolidated statement of income for the year ended December 31, 2024. Pursuant to ASC 205-20, discontinued operations reporting is not relevant.

Note 2. Summary of Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of KWRI, its wholly owned subsidiaries and those entities in which it has a variable interest and of which it is the primary beneficiary, or those entities in which it has a majority voting interest. All significant intercompany accounts and transactions have been eliminated.

Variable Interests: KWRI determines the nature of transactions wherein the Company may have a variable interest in an entity. When KWRI determines the Company does have a variable interest, the Company applies the consolidation considerations as prescribed by ASC 810 Consolidation.

Variable Interest Entities: KWRI determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a variable interest entity (VIE), then by evaluating whether the entity is a voting interest entity.

VIEs are legal entities in which the equity investors do not have sufficient equity at risk for the entity to independently finance its activities without additional subordinated financial support or the collective holders do not have the power through voting rights to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb any losses of the entity, or the right to receive residual returns of the entity.

Consolidation of a VIE is considered appropriate if a reporting entity is the primary beneficiary, which is the entity that has both the power to direct the activities that most significantly impact the economic performance of the entity and the right to receive benefits and/or the obligation to absorb losses that would be significant to the VIE. Management periodically performs a qualitative analysis to determine if KWRI is the primary beneficiary of a VIE. This analysis includes review of the VIEs' capital structures, contractual terms and primary activities, including KWRI's ability to direct the activities of the VIEs and obligations to absorb losses, or the right to receive benefits, significant to the VIEs. Accordingly, KWRI consolidates affiliates in which KWRI is a primary beneficiary.

Note 2. Summary of Significant Accounting Policies (Continued)

Voting interest entities are entities that are not VIEs, which are entities that are controlled through their voting interests. The usual condition for a controlling financial interest in a voting interest entity is ownership of a majority voting interest. Accordingly, KWRI consolidates its majority-owned affiliates, in which it holds more than 50 percent of the voting rights.

The table below presents a summary of the carrying value and classification of assets and liabilities in consolidated VIEs.

	December 31	
	2024	2023
Current assets:		
Cash and cash equivalents	**$ 12,950,319**	$ 16,460,366
Royalties and fees receivable, net	**1,019,996**	949,662
Prepaid expenses and other current assets	**3,706,895**	5,230,040
Total current assets	**17,677,210**	22,640,068
Noncurrent prepaid expenses and other noncurrent assets	**537,124**	537,124
Property and equipment, net	**3,763**	12,875
Internally developed software, net	**2,646,223**	2,316,273
Goodwill	**-**	2,812,303
Intangible assets, net	**55,453,415**	55,192,864
Deferred tax asset, net	**693,408**	826,214
Total assets	**$ 77,011,143**	$ 84,337,721
Current liabilities:		
Accounts payable	**$ 409,833**	$ 558,372
Profit and growth share payable	**698,359**	650,278
Accrued payroll	**1,470,132**	1,053,410
Other accrued expenses	**2,378,107**	6,005,071
Current portion of deferred revenue	**698,031**	789,114
Current portion of contingent consideration	**959,687**	1,967,453
Current portion of notes payable	**1,079,606**	2,140,174
Total current liabilities	**7,693,755**	13,163,872
Long-term liabilities:		
Long-term portion of deferred revenue	**7,823,884**	9,321,298
Long-term portion of contingent consideration	**-**	1,554,651
Notes payable, less current portion	**-**	1,079,606
Total long-term liabilities	**7,823,884**	11,955,555
Total liabilities	**$ 15,517,639**	$ 25,119,427

Note 2. Summary of Significant Accounting Policies (Continued)

In the table above:

- Assets and liabilities are presented net of intercompany transactions and exclude the benefit of offsetting financial instruments that are held to mitigate the risks associated with the Company's variable interests.
- VIEs in which the Company holds a majority voting interest are excluded if (i) the VIE meets the definition of a business and (ii) the VIEs assets can be used for purposes other than the settlement of its obligations.
- Substantially all assets can only be used to settle obligations of the VIE.
- The creditors of the VIEs do not have recourse against the Company for obligations of the VIEs.

Basis of accounting: These consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), whereby revenues are recognized in the period earned and expenses when incurred.

Noncontrolling interest: KWRI applies noncontrolling interest accounting for any consolidated entities in which KWRI maintains less than 100% ownership. KWRI identifies the noncontrolling interest in the balance sheet and income statement, including net income, net income attributable to noncontrolling interest and net income attributable to KWRI. As of December 31, 2024 and 2023, the noncontrolling interest consisted of the limited partners' and third-party interests in various limited partnerships and limited liability companies.

Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items that are subject to such estimates and assumptions include the allowance for doubtful accounts, estimated useful lives of long-lived and intangible assets, including internally developed software, and the determination of the present value of long-term liabilities related to the Company's deferred compensation contracts and contingent consideration from certain historical purchases. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the consolidated statements of cash flows, the Company considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company's cash equivalents consist primarily of cash in bank accounts. A number of accounts are in excess of the federally-insured limit of $250,000.

Restricted cash: We maintain certain cash balances restricted as to withdrawal or use. Our restricted cash is composed of cash separately held for the sole purposes of being held in escrow or paying off certain notes related to one of our asset acquisitions, as defined in the underlying purchase agreement (refer to Note 1 and Note 7). As of December 31, 2024 and 2023, the Company had restricted cash balances of approximately $0 and $9,000, respectively.

Receivables: Substantially all receivable balances are due from franchisees and agents or non-consolidating affiliated entities. Credit is extended based on an evaluation of the franchisee's financial condition and collateral is generally not required. A reserve for uncollectible accounts is established as deemed necessary based upon overall accounts receivable aging levels and a specific review of accounts for franchisees with known financial difficulties. Account balances are charged off against the allowance after recovery efforts have ceased. As of December 31, 2024 and 2023, the Company recorded an allowance of approximately $3,657,000 and $1,745,000, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Equity securities: We have accounted for equity securities under the equity, cost, or fair value method. Investments through which we exercise significant influence but do not have control over the investee are accounted for under the equity method. Investments through which we are not able to exercise significant influence over the investee are accounted for under the cost method. Refer to the fair value measurements section of our Summary of Significant Accounting Policies Note for more details regarding equity securities carried at fair value. As of December 31, 2024 and 2023, the Company held marketable securities of approximately $74,000 and $93,000, respectively.

Property and equipment: Property and equipment are stated at cost and depreciated/amortized using the straight-line method over their useful lives, which is generally seven years for office furniture, five years for vehicles, three to five years for office equipment, and three years for software. Leasehold improvements are depreciated using the straight-line method over the lesser of the life of the asset or the lease term. Expenditures for renewals or betterments are capitalized, and repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts, and any gain or loss thereon is reflected in operations.

Intangible assets: Finite-lived intangible assets are stated at cost and depreciated/amortized using the straight-line method over their useful lives, which is generally three years for finite lived intangibles, the life of the contract for contract-based intangibles, three to ten years for noncompete agreements, and indefinite for regional license agreements, market center franchise license agreements, and territorial rights. The cost and accumulated amortization of intangible assets sold or otherwise disposed of are removed from the accounts, and any gain or loss thereon is reflected in operations.

Impairment of long-lived assets: The Company periodically reviews the carrying value of its long-lived assets, such as property and equipment and finite-lived intangible assets, whenever current events or circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less estimated costs to sell. For the years ended December 31, 2024 and December 31, 2023, the Company did not record any impairment charges for long-lived assets. For the year ended December 31, 2022, the Company recorded an impairment charge of approximately $370,000 related to intangible assets acquired in conjunction with its purchase of an entity in 2021.

Impairment of goodwill and indefinite lived intangibles: Goodwill is reviewed at least annually for impairment and more often when impairment indicators are present. The Company employs a step-zero approach which allows the assessment of qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. The qualitative assessment requires significant judgments by management about macro-economic conditions including the entity's operating environment, its industry and other market considerations, entity-specific events related to financial performance or loss of key personnel, and other events that could impact each reporting unit. If we conclude that further testing is required, we compare the fair value of a reporting unit with the carrying value of its net assets. Fair value is calculated by utilizing a discounted cash flow model with management inputs including, but not limited to, weighted average cost of capital and estimated future cash flows of the reporting unit. If the fair value of the reporting unit is less than the carrying value of the reporting unit, we record an impairment loss to reduce the carrying value of the reporting unit's net assets to the fair value of the reporting unit.

Note 2. Summary of Significant Accounting Policies (Continued)

For the year ended December 31, 2024, the Company recorded a goodwill impairment charge of approximately $1,882,000 related to goodwill acquired in conjunction of its purchase of an entity in 2023. See Note 6 for further information. For the year ended December 31, 2023, the Company recorded a goodwill impairment charge of approximately $16,900,000 related to goodwill acquired in conjunction with its purchase of an entity in 2022. For the year ended December 31, 2022, the Company recorded goodwill impairment charges of approximately $621,000 related to goodwill acquired in conjunction with its purchase of an entity in 2021 and approximately $9,400,000 related to goodwill acquired in conjunction with its purchase of an entity in 2022. The Company did not record any impairment charges for indefinite lived intangibles for the years ended December 31, 2024, 2023, or 2022.

Fair value measurements: The Company accounts for certain of its financial assets and liabilities at fair value. In determining and disclosing fair value, the Company uses a fair value hierarchy established by U.S. GAAP. Due to their short maturity, the carrying amounts reported in the consolidated financial statements for cash and cash equivalents, restricted cash, royalties and fees receivable, profit and growth share receivable, related party receivables, prepaid expenses and other current assets, accounts payable, commissions payable, profit and growth share payable, accrued payroll, other accrued expenses and deferred revenues approximated fair values.

As a basis for considering such assumptions, Accounting Standards Codification (ASC) Topic 820-10, Fair Value Measurements and Disclosures—Overall, establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

Level 1**:** Observable inputs, such as quoted prices in active markets for identical and unrestricted assets or liabilities.

Level 2**:** Quoted prices for similar assets or liabilities or inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3**:** Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions about the assumptions market participants would use in pricing the asset or liability. Valuation techniques include the use of option-pricing models, discounted cash flow models and similar techniques.

At December 31, 2024 and December 31, 2023, the Company had approximately $74,000 and $93,000, respectively, of investments, as included in prepaid expenses and other current assets, required to be measured at fair value using Level 1 inputs. The investment consisted of common shares in a publicly traded entity in which the shares have quoted prices on the Nasdaq Stock Market.

At December 31, 2024 and December 31, 2023, the Company had no assets or liabilities required to be measured at fair value using Level 2 inputs.

During 2024, the Company issued equity in return for a nonrecourse note. Refer to Note 13. A nonrecourse note received by a company as consideration for the issuance of stock is considered a stock option for accounting purposes – i.e., it remains subject to settlement/exercise – as the substance is similar to a stock option. These notes are valued at the issuance date using Level 3 inputs. The Company’s contingent consideration and post-employment deferred compensation liabilities are recorded at fair value on a recurring basis, determined using Level 3 inputs.

Note 2. Summary of Significant Accounting Policies (Continued)

Nonrecourse notes: In March 2024, the Company sold 75% of its interest in a consolidating limited liability company (See Note 1). In return for the interest sold, the Company received a $2,700,000 nonrecourse note which requires quarterly payments of principal and interest until maturity in March 2034. The note is accounted for similar to stock options whereby the principal and interest due on the note are the exercise price and the fair value of the note is recognized in the Company's financial statements as stock compensation expense over the term of the note as payments are made. The fair value of the note was determined using the Black-Scholes option valuation technique as it embodies all of the requisite assumptions (including trading volatility, remaining term to maturity, market price, strike price, and risk free rate) necessary to fair value this note. To determine the value of the stock being issued in exchange for the note, we used a discounted cash flow model. The issuance date fair value of the notes is approximately $580,000. As of December 31, 2024, approximately $7,000 of expense has been recognized. The remaining $573,000 of expense will be recognized over the service period, which is the remaining term of the note, as principal and interest payments are made. The note matures in March 2034. See Note 13.

In April 2023, a subsidiary of the Company, of which the Company is the primary beneficiary, sold 6% of its interest in a limited liability company that holds a regional representative agreement with KWRI. In return for the interest sold, the Company received $8,000,000 of nonrecourse notes that require quarterly payments of principal and interest until maturity in May 2033. The notes are accounted for similar to stock options whereby the principal and interest due on the note are the exercise price and the fair value of the notes is recognized in the Company's financial statements ratably over the term of the notes. The fair value of the notes was determined using the Black-Scholes option valuation technique as it embodies all of the requisite assumptions (including trading volatility, remaining term to maturity, market price, strike price, and risk free rates) necessary to fair value these notes. To determine the value of the stock being issued in exchange for the notes, we used a Monte Carlo option-pricing model, which takes into consideration projected results and the market values of comparable companies, considering among other factors, the use of multiples of earnings, and adjusted to reflect the restrictions on the ability of the shares to trade in an active market. The issuance date fair value of the notes was approximately $3,000,000. As of December 31, 2024, all $3,000,000 of expense has been recognized due to the option exercise in June 2024 which resulted in the notes being settled in full. See Note 13.

Note 2. Summary of Significant Accounting Policies (Continued)

Contingent consideration: In connection with the Company's completion of a business combination in 2013, the Company has recognized contingent consideration to be paid annually between 2013 and 2025. Annual installments are the greater of a fixed amount or a percentage of non-U.S. GAAP operating income of the acquired entity, as defined in the agreement. The contingent consideration was measured at fair value and recognized as of the acquisition date. At each reporting date, the Company re-measures the contingent consideration obligation to estimated fair value. Any changes in the fair value of contingent consideration will be recognized in operating expenses until the contingent consideration arrangement is settled. Contingent consideration is presented at fair value based on a number of inputs, including forecasted results from operations, as well as future discounted cash flow projections.

Balance at December 31, 2021	11,825,232
Payment	(2,532,514)
Change in value	(3,240,711)
Balance at December 31, 2022	6,052,007
Payment	(2,364,690)
Change in value	(165,213)
Balance at December 31, 2023	3,522,104
Payment	(2,059,506)
Change in value	(502,911)
Balance at December 31, 2024	**$ 959,687**

Deferred compensation: During and subsequent to 2008, the Company entered into several deferred compensation contracts with several key employees. Under these contracts, the participants earn a percentage of profits from certain profit centers. The contracts call for these profit-based bonuses to continue subsequent to employment and through the lifetime of the participant, and in certain instances, the lifetime of the participant's spouse. The post-employment benefits are nontransferable to trusts or other parties and generally terminate upon death. Deferred compensation is presented at fair value based on a number of inputs, including estimated life spans of participants, as well as future discounted profit projections. Subsequent to December 31, 2024, certain agreements comprising the post-employment benefit liability were settled in cash which management has considered to be a more appropriate indicator of fair value as of December 31, 2024. These settlements have been reflected in the change in fair value and the resulting December 31, 2024 liability. Included in the year-end deferred compensation balances below is the nonqualified deferred compensation plan, as disclosed in Note 11.

Balance at December 31, 2021	164,627,950
Payment	(9,118,375)
Change in value	(39,215,879)
Balance at December 31, 2022	116,293,696
Payment	(6,010,350)
Change in value	(26,056,554)
Balance at December 31, 2023	84,226,792
Payment	(4,773,450)
Change in value	(55,552,735)
Balance at December 31, 2024	**$ 23,900,607**

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition: The majority of the Company's revenues consist of fees from franchised regions and market centers, royalties from franchisees, service-related fees, and training, products and events. Revenues from franchised regions and market centers include royalties based on a percent of sales, and initial fees. A portion of the Company's revenue is generated by assisting home sellers and buyers in listing, marketing, selling and finding homes.

Beginning in 2021, we hold the real estate brokerage license that is necessary under relevant state laws and regulations to provide brokerage services and therefore we control those services that are necessary to legally transfer real estate between home sellers and buyers. We are the principal in the transaction and recognize as revenue the gross amount of the commission we expect to receive in exchange for those services. Revenue is recognized upon the transfer of control of promised services to the home sellers or home buyers. Accordingly, real estate commissions are recorded as revenue at the point in time real estate transactions are closed (i.e., sale or purchase of a home). Commissions paid to agents and others are recognized concurrently with associated revenue and are presented within the 'Brokerage cost of sales' expense line on our consolidated statements of income. Beginning in 2023, the Company began winding down or selling brokerage entities resulting in a decrease in brokerage revenue and associated brokerage cost of sales.

Beginning in 2022, we provide a real estate platform to real estate teams across the country. This platform provides services such as lead generation, coaching, and corporate overhead functions in exchange for both a fixed fee and an agreed-upon portion of each real estate team's operational profit. We are the principal in these transactions and recognize revenue as the gross amount of funds we expect to receive in exchange for these services. Revenue is recognized upon transfer of control of promised services to the real estate teams. Costs incurred to provide the suite of services to real estate teams are recognized concurrently with associated revenue and are presented within the 'Real estate platform cost of sales' expense line on our consolidated statements of income. As disclosed in Note 1, the Company transferred its ownership interest and withdrew its involvement in this entity in 2024.

ASC Topic 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services through the application of a five-step model. The Company recognizes revenue from services and products at a point in time related to the underlying sale. Training and events revenue are recognized on a deferred basis as described in Note 8. Royalties from franchisees, which are based on a percent of sales, are recognized at the time the underlying sales occur. Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally ten to twenty years.

Advertising: Advertising costs are expensed in the period incurred.

Income taxes: The organizational structure of the entities consolidated into the Company is such that the entities are not subject to federal corporate income tax on their taxable income. Instead, the stockholders are liable for individual income taxes on their respective shares of taxable net income.

KWRI and its domestic affiliates are subject to state and local income taxes that range from 0.095% to 9.900% of income earned in each jurisdiction. Approximately 22% of the Company's domestic revenue is considered Texas gross receipts and is subject to a franchise tax of 0.750% of gross margin, as defined under Texas law. The weighted-average state and local tax rate for the Company was approximately 1.400% in 2024, 1.109% in 2023, and 0.732% in 2022.

Note 2. Summary of Significant Accounting Policies (Continued)

The Company accounts for state and local income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and credit carry forward amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates will be recognized in the period that includes the enactment date.

The Company is subject to a 10.0% foreign withholding tax on all royalties and fees received from the Company's 27 Canadian market centers. Taxes may also be withheld from royalties and fees paid by other non-United States countries, ranging from 5.0% to 31.5%. Royalties and fees received from Canada totaled approximately $8,400,000, $8,300,000, and $7,900,000 for the years ended December 31, 2024, 2023, and 2022, respectively. Royalties and fees received from other non-United States countries totaled approximately $13,500,000, $12,100,000, and $12,300,000 for the years ended December 31, 2024, 2023, and 2022, respectively. See Note 12 for additional information about these withholding taxes.

The Company regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is more-likely-than-not to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than 50% likely of being realized upon ultimate settlement of the tax position.

Determining the appropriate level of unrecognized tax benefits requires the Company to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. At December 31, 2024 and 2023, there were no material unrecognized tax positions. Future changes in unrecognized tax requirements could have a material impact on the results of operations.

Recently issued accounting standards: The Company considers the applicability and impact of all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB).

In January 2017, Accounting Standards Update No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* was issued. This ASU was issued to simplify how entities are required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. The Company adopted the ASU effective January 1, 2022 and applied the amendments in this update on a prospective basis which resulted in an approximately $10,000,000 goodwill impairment charge for the year ended December 31, 2022.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326)*, which modifies the measurement of credit losses on financial instruments. This standard requires the use of an expected loss impairment model for instruments measured at amortized cost based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. This guidance is effective for all entities with fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted this standard as of January 1, 2023 on a modified retrospective basis which resulted in a $0 increase in the Company's overall allowance for credit losses, with no impact to the Company's accumulated deficit.

Note 2. Summary of Significant Accounting Policies (Continued)

Subsequent events: The Company evaluates events that occur subsequent to the consolidated balance sheet date, but before consolidated financial statements are issued for periods ending on such balance sheet dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Company's consolidated financial statements are available for issuance. For the consolidated financial statements as of December 31, 2024, and for the year ended December 31, 2024, this date was March 20, 2025.

Note 3. Franchisee Profit and Growth Sharing Plans

The Company administers a franchisee profit sharing plan for the United States and Canada and a growth sharing plan worldwide, each of which redistributes funds collected based on established guidelines.

The profit-sharing payment is based on recruiting associates into profitable market centers. Profit sharing contributions, based on franchisee operating profit, are received by the Company in the month following the base month. Distributions from the profit-sharing fund are generally transmitted electronically to recipients by the end of the month following the base month.

The growth sharing payment is based on recruiting associates into the worldwide regions. Growth sharing contributions due to recipients outside the region are typically received by the Company two months following the base month. Distributions from this growth sharing fund are generally paid to the regional representatives for distribution to recipients quarterly.

The Company acts as an agent with respect to the profit sharing and the growth sharing funds. As such, these amounts are presented net and as a result are not reflected in the Company's consolidated statements of income.

Note 4. Property and Equipment

The Company's property and equipment consisted of the following:

	December 31	
	2024	2023
Furniture and fixtures	$ 215,654	$ 204,216
Office equipment	4,142,161	2,904,870
Leasehold improvements	4,208,457	4,124,463
Software	34,955	34,955
	8,601,227	7,268,504
Less: accumulated depreciation	(6,534,564)	(5,204,007)
	$ 2,066,663	**$ 2,064,497**

Depreciation expense on property and equipment totaled approximately $1,333,000, $1,117,000, and $1,227,000 for the years ended December 31, 2024, 2023, and 2022, respectively.

Note 5. Internally Developed Software

The Company capitalizes costs related to the development of hosted services made available to our associates and internal use of enterprise-level business and finance software in support of its operational needs. Costs incurred in the application development phase are capitalized and amortized on a straight-line basis over their useful lives, which is generally four years. Costs related to planning and other preliminary project activities are expensed as incurred. Costs related to post-implementation activities are expensed as incurred unless such activities result in enhancements or additional functionality. The Company tests these assets for impairment whenever events or changes in circumstances occur that could impact their recoverability.

Amortization of capitalized internally developed software costs was approximately $36,252,000, $32,506,000, and $26,664,000 for the years ended December 31, 2024, 2023, and 2022, respectively. Write-offs and impairments of capitalized internally developed software costs were $0 for the years ended December 31, 2024, 2023, and 2022.

Note 6. Intangible Assets and Goodwill

The composition of intangible assets for the years ended December 31, 2024, 2023, and 2022 is as follows:

	12/31/2023 Net carrying value	Additions	Amortization	Impairment	Transfers / Dispositions	12/31/2024 Net carrying value
Noncompete agreements	$ -	$ -	$ -	$ -	$ -	$ -
Customer relationships	1,947,236	-	(1,947,236)	-	-	-
License agreements	27,186,458	-	-	-	-	27,186,458
Other investments	2,580,933	28,630	-	-	-	2,609,563
Territorial sales rights	32,020,372	-	-	-	-	32,020,372
	$ 63,734,999	$ 28,630	$ (1,947,236)	$ -	$ -	$ 61,816,393

	12/31/2022 Net carrying value	Additions	Amortization	Impairment	Transfers / Dispositions	12/31/2023 Net carrying value
Noncompete agreements	$ 110,402	$ -	$ (110,402)	$ -	$ -	$ -
Customer relationships	2,444,403	-	(497,167)	-	-	1,947,236
License agreements	35,057,870	-	(36,792)	-	(7,834,620)	27,186,458
Other investments	2,492,878	88,055	-	-	-	2,580,933
Territorial sales rights	32,020,372	-	-	-	-	32,020,372
	$ 72,125,925	$ 88,055	$ (644,361)	$ -	$ (7,834,620)	$ 63,734,999

	12/31/2021 Net carrying value	Additions	Amortization	Impairment	Transfers / Dispositions	12/31/2022 Net carrying value
Noncompete agreements	$ 841,734	$ -	$ (360,499)	$ (370,833)	$ -	$ 110,402
Customer relationships	-	2,983,000	(538,597)	-	-	2,444,403
License agreements	35,057,870	-	-	-	-	35,057,870
Other investments	-	2,492,878	-	-	-	2,492,878
Territorial sales rights	24,961,472	7,058,900	-	-	-	32,020,372
	$ 60,861,076	$ 12,534,778	$ (899,096)	$ (370,833)	$ -	$ 72,125,925

Note 6. Intangible Assets and Goodwill (Continued)

As noted in Note 1, the Company withdrew its involvement with a consolidating subsidiary resulting the accelerated amortization of certain customer relationship intangible assets of approximately $1,616,000. The Company did not record impairment charges for finite-lived intangible assets for the years ended December 31, 2024 and December 31, 2023. For the year ended December 31, 2022, the Company recorded approximately $370,000 in finite-lived intangible asset impairment charges. The Company did not record any indefinite-lived intangible asset impairment charges for the years ended December 31, 2024, 2023, and 2022.

Amortization of intangible assets expense totaled approximately $1,947,000, $640,000, and $900,000 for the years ended December 31, 2024, 2023, and 2022, respectively. No future amortization of existing intangible assets is expected.

For the year ended December 2024, the Company recorded approximately $1,882,000 in goodwill impairment charges for a consolidating subsidiary entity which is expected to wind down over the next few fiscal years. Additionally, as noted in Note 1, the Company withdrew its involvement in a consolidating subsidiary in August 2024, resulting in a write-off of approximately $2,812,000 in goodwill; disposition losses are presented within the 'Other operating costs' expense line on our consolidated statements of income. In addition, the gross goodwill and related historical impairment balances for the formerly consolidating subsidiary were adjusted accordingly. See Note 1. For the years ended December 31, 2023 and 2022, the Company recorded approximately $16,900,000 and $10,000,000 in goodwill impairment charges, respectively.

The composition of goodwill for the years ended December 31, 2024, 2023, and 2022 is as follows:

	December 31, 2024				
	Cost	Accumulated impairment	Impairment	Additions / dispositions	Net carrying value
Goodwill	$ 34,595,950	$ (26,952,018)	$ (1,881,636)	$ (2,812,299)	$ 2,949,997
Disposition adj.	(29,764,317)	26,952,018	-	2,812,299	-
Net	$ 4,831,633	$ -	$ (1,881,636)	$ -	$ 2,949,997

	December 31, 2023				
	Cost	Accumulated impairment	Impairment	Additions / dispositions	Net carrying value
Goodwill	$ 32,714,313	$ 10,055,156)	$ (16,896,862)	$ 1,881,637	$ 7,643,932

	December 31, 2022				
	Cost	Accumulated impairment	Impairment	Additions / dispositions	Net carrying value
Goodwill	$ 32,714,313	$ -	$ (10,055,156)	$ -	$ 22,659,157

Note 7. Notes Payable and Line of Credit

The Company's notes payable consisted of the following:

	December 31	
	2024	2023
Unsecured note payable to seller; bearing interest at 4.00%; maturing in April 2025; guaranteed by KWRI	542,198	2,126,153
Secured line of credit, bearing variable interest (SOFR plus applicable margin); maturing in July 2025; secured by substantially all assets of KWRI	-	36,500,000
Secured line of credit, bearing variable interest (SOFR plus applicable margin); maturing in April 2027; secured by substantially all assets of KWRI	36,134,029	-
Secured term loan, bearing variable interest (SOFR plus applicable margin); maturing in April 2027; secured by substantially all assets of KWRI	39,000,000	-
Unsecured notes payable to sellers, bearing interest at 5.50%; maturing in November 2025; guaranteed by KWRI	537,407	1,093,607
Unsecured note payable to seller, bearing interest at 4.00%; maturing in August 2032	5,713,925	5,945,298
Unsecured note payable to seller, bearing interest at 0.00%; maturing in February 2024	-	1,999,000
	81,927,559	47,664,058
Less current maturities	3,289,306	4,523,811
Long-term portion of notes payable and line of credit	**$ 78,638,253**	**$ 43,140,247**

In April 2024, the Company extinguished an existing line of credit and concurrently entered into a new line of credit agreement and term loan agreement with a separate third-party lender. As of the year ended December 31, 2024, the outstanding balances on the line of credit and term loan are approximately $36,134,000 and $39,000,000, respectively.

Future debt maturities as of December 31, 2024, consisted of the following:

Years ending December 31:	
2025	3,289,306
2026	2,786,318
2027	72,349,704
2028	786,318
Thereafter	3,145,271
	$ 82,356,917
Less: Debt Issuance Costs	(429,358)
	$ 81,927,559

Note 8. Deferred Revenue

The Company has deferred revenues for deferred training, convention registrations and other events as follows:

	December 31	
	2024	2023
Deferred initial franchise fees	$ 1,139,823	$ 1,297,805
Deferred training	1,219,293	1,238,468
Convention registrations	4,184,337	7,512,275
Other events	335,333	169,717
Current portion of deferred revenue	6,878,786	10,218,265
Deferred initial franchise fees (non-current)	8,314,041	10,018,171
Total deferred revenue	**$ 15,192,827**	**$ 20,236,436**

Deferred revenues for training, convention registrations and other events are expected to be recognized as revenue within the next twelve months as the training and events are conducted. Deferred initial franchise fees are expected to be recognized over a five-to-twenty-year period, based on the life of the contract.

Note 9. Commitments and Contingencies

Operating Leases: The Company has an active operating lease agreement for its corporate headquarters in Austin, Texas. The lease includes fixed monthly rental payments, which are subject to annual rent escalations on a predefined schedule. As of the year ended December 31, 2024, the Company has recognized approximately $16,231,000 in right-of-use asset and approximately $17,987,000 in lease liability in its consolidated balance sheet.

The following table presents the future minimum lease payments under the operating lease as of December 31, 2024:

Years ending December 31:	
2025	2,153,701
2026	2,234,466
2027	2,290,392
2028	2,347,612
2029	2,406,220
Thereafter	14,342,105
	$ 25,774,496

The remaining lease term for the operating lease is 10.5 years. The discount rate used to determine the lease liability is approximately 6.9%, which is analogous to the Company's incremental borrowing rate. The operating lease arrangement has been accounted for under ASC 842, and the Company has recognized a right-of-use asset and a corresponding lease liability for the present value of future lease payments as of December 31, 2024.

Operating lease expense totaled approximately $3,584,000, $3,987,000, and $5,953,000 for the years ended December 31, 2024, 2023, and 2022, respectively.

Note 9. Commitments and Contingencies (Continued)

Litigation: The Company is involved in various claims and legal actions arising in the ordinary course of business. Most legal proceedings are related to matters covered by insurance or for which the Company is indemnified by a licensee. Management of the Company has assessed all current information regarding these claims, including consultation with in-house and external legal counsel, as to the likelihood of matters resulting in unfavorable outcomes. When an unfavorable outcome has been deemed probable, management has assessed if such outcome is reasonably estimable. In situations where unfavorable outcomes have been deemed probable and reasonably estimable, the Company has recorded a related contingent loss in the consolidated financial statements.

At December 31, 2024, the Company was the defendant in an ongoing lawsuit and reached a settlement agreement. As a result, the Company recorded a contingent loss of $5,000,000 in the consolidated financial statements dated December 31, 2024, of which $0 was paid as of December 31, 2024. This settlement payment is expected to be due in March 2025.

At December 31, 2023, the Company was the defendant in certain antitrust putative class action lawsuits. In February 2024, the Company reached a settlement agreement and recorded a contingent loss of $70,000,000 in the consolidated financial statements dated December 31, 2023, of which approximately $50,000,000 was paid as of year-end December 31, 2024. In addition to settling the claims brought in this case, the settlement releases individual KW agents and KW franchisees from nationwide copycat litigation filed in the wake of this class action lawsuit. $10,000,000 of the remaining settlement is due in September 2026, and $10,000,000 of the remaining settlement is due in September 2027.

At December 31, 2022, the Company determined that an unfavorable outcome was both probable and reasonably estimable for an ongoing lawsuit. The Company recorded a contingent loss of approximately $16,400,000 in the consolidated financial statements dated December 31, 2022, of which approximately $15,400,000 was paid as of year-end December 31, 2024. The remaining $1,000,000 of this settlement is due in May 2025.

Litigation contingent losses are presented within the ‘Other accrued expenses’ and ‘Long-term portion of other accrued expenses’ liability lines on our consolidated balance sheets and within the ‘Consulting, professional services, and legal expense’ expense line on our consolidated statements of income.

The outcomes of certain other claims were unknown or inestimable due to insufficient information as of the date of the financial statements.

Note 10. Common Stock

The Company has authorized 2,000,000 shares of common stock, of which 1,000,000 shares are authorized to be issued as Class A common stock (Class A Stock), with a par value equal to $0.01 per share, and 1,000,000 shares are authorized to be issued as Class B common stock (Class B Stock), with a par value equal to $0.01 per share. Each share of Class A Stock has all rights applicable to common stock under the Company’s articles of incorporation, as amended, including the right to vote on all matters submitted to the shareholders of the corporation. Each share of Class B Stock has identical rights to the Class A Stock, except that the shares of Class B Stock have no voting rights. Neither the Class A Stock nor the Class B Stock have a liquidation preference over the other class of stock.

Note 11. Employee Benefits

Effective September 1, 2006, the Company established a 401(k) plan. The plan is available to all eligible employees. During the years ended December 31, 2024, 2023, and 2022, the Company made matching contributions on employee deferrals of up to 6% of employee compensation. These matching contributions made by the Company totaled approximately $3,700,000, $3,200,000, and $3,400,000 in 2024, 2023, and 2022, respectively.

Note 12. Income Taxes

State and local income tax expense for the years ended December 31, 2024, 2023, and 2022 totaled approximately $1,489,000, $606,000, and $4,679,000, respectively. Foreign taxes, which include withholdings on royalties and fees from licensees located in Canada, Europe, Asia, Africa, the Middle East, Mexico, Central and South America, and the Caribbean, totaled approximately $1,979,000, $1,867,000, and $1,896,000 during the years ended December 31, 2024, 2023, and 2022, respectively.

A reconciliation of the weighted-average state and local income tax rate to the effective rate is as follows:

	December 31		
	2024	2023	2022
Tax at weighted-average of 1.4% in 2024, 1.1% in 2023, and 0.73% in 2022	$ 2,227,758	$ 920,086	$ 879,468
Permanent differences and other items	(236,942)	(313,813)	3,799,260
Total state and local income tax expense	1,990,816	606,273	4,678,728
Foreign income taxes	1,978,853	1,866,878	1,896,292
Total income tax expense	**$ 3,969,669**	**$ 2,473,151**	**$ 6,575,020**

Significant components of the Company's net deferred tax assets are as follows:

	December 31	
	2024	2023
Deferred compensation accruals	$ 248,581	$ 776,014
Accrued foreign tax	693,408	826,213
Internally developed software	(223,939)	(546,761)
Deferred revenue	6,954	8,693
Depreciation and amortization	1,013,547	755,467
Other temporary differences	399,723	930,892
Net deferred tax assets	**$ 2,138,274**	**$ 2,750,518**

The Company has elected to or is required by law to pay certain state and local taxes on behalf of stockholders which are reported as distributions in stockholders' equity. The net deferred tax assets primarily represent the state income tax paid related to a temporary difference resulting from the timing of deductions related to the deferred compensation contracts, internally developed software, depreciation and amortization, and other accrued expenses payable.

Note 13. Nonrecourse Notes

In March 2024, the Company sold 75% of its interest in a limited liability company (see Note 1). In return for the interest sold, the Company received a $2,700,000 nonrecourse note that require quarterly payments of principal and interest over the next ten years. The notes are accounted for similar to stock options whereby the principal and interest due on the note represent the exercise price and the fair value of the notes is recognized in the Company's financial statements proportionally over the service period as payments are made on the notes.

The fair value of the notes was determined to be approximately $580,000. As of December 31, 2024 approximately $7,000 of share-based compensation expense was recognized related to shares that vested. The remaining expense associated with this instrument, approximately $573,000, will be recognized over the service period as principal and interest payments are made. The service period ends in March 2034, on the maturity date of the note.

The fair value of the expense associated with the notes was determined on the transaction date using the Black-Scholes option valuation technique. The following assumptions were utilized in this valuation:

Equity value	$1,319,461
Exercise price	$3,299,164
Expected term (years)	10
Expected volatility	48.00%
Risk-free interest rate	4.29%
Expected dividend yield	0.00%

The $1,319,461 equity value was determined using a discounted cash flow model.

The Company determined the volatility based on historical and implied volatility observed for the peer group guideline for the Company. Daily historical stock price data commensurate with the expected term was used to develop historical volatility.

The Company recognizes the impact of forfeitures in share-based compensation expense when they occur. There were no forfeitures in the years ended December 31, 2024.

Note 13. Nonrecourse Notes (Continued)

In April 2023, a subsidiary of the Company, of which the Company is the primary beneficiary, sold 50,000 shares, or 6% of its interest, in a limited liability company that holds a regional representative agreement with KWRI. In return for the interest sold, the Company received $8,000,000 of nonrecourse notes that require quarterly payments of principal and interest over the next ten years. The notes are accounted for similar to stock options whereby the principal and interest due on the note represent the exercise price and the fair value of the notes is recognized in the Company's financial statements proportionally over the service period as payments are made on the notes.

The fair value of the notes was determined to be approximately $3,000,000 or $59.99 on a per-share basis. As of December 31, 2024, all shares have vested due to the option exercise in June 2024 which resulted in the nonrecourse notes being settled in full. See Note 1. As of December 31, 2024 and 2023, approximately $2,925,999 and $75,000 of share-based compensation expense was recognized related to shares that vested. As a result of the option exercise in June 2024, there is no remaining expense associated with this instrument. See Note 1.

The fair value of the expense associated with the notes was determined on the transaction date using the Black-Scholes option valuation technique. The following assumptions were utilized in this valuation:

Stock price	$164.17
Exercise price	$193.19
Expected term (years)	5
Expected volatility	42.00%
Risk-free interest rate	3.51%
Expected dividend yield	0.00%

The $164.17 stock price was determined using the Monte Carlo option-pricing model, which takes into consideration projected results and the market values of comparable companies, considering among other factors, the use of multiples of earnings, and adjusted to reflect the restrictions on the ability of the shares to trade in an active market. The following inputs were utilized in this valuation:

Expected term (years)	5
Expected volatility	42.00%
Risk-free interest rate	3.51%
Expected dividend yield	0.00%

In both the Monte Carlo and Black-Scholes valuation analyses, expected term was based off the expectation of an equity or liquidity event in the next 1 to 10 years, which is the term of the notes. As such, the Company determined the expected term to be the midpoint, 5 years. The Company determined the volatility based on historical and implied volatility observed for the peer group guideline for the Company. Daily historical stock price data commensurate with the expected term was used to develop historical volatility. Implied volatility was based on observed exchange traded call option trades for the two-week period preceding the grant date and that were traded with a strike price +/- 15% from being at the money.

The Company recognizes the impact of forfeitures in share-based compensation expense when they occur. There were no forfeitures in the years ended December 31, 2024, 2023, or 2022.

Note 14. Related-Party Transactions

As of December 31, 2024, owners, officers and employees of the Company and relatives of such owned all or part of 46 of the 711 market centers throughout the United States and Canada. For the years ended December 31, 2024, 2023, and 2022, the Company received approximately $14,600,000, $15,800,000, and $19,700,000, respectively, in royalties from market centers owned by related parties. As of December 31, 2024, owners, officers and employees of the Company and relatives of such owned all or part of 12 of the 31 regions throughout the United States and Canada. Commissions paid to regions owned by related parties totaled approximately $29,500,000, $30,700,000, and $43,070,000 during the years ended December 31, 2024, 2023, and 2022, respectively. Included in these related party regional commissions are approximately $11,700,000, $23,000,000, and $25,100,000 paid to consolidating subsidiaries of KWRI that have been eliminated in the consolidated financial statements for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 1 and Note 2). The stockholders, officers and employees may receive additional compensation directly from the market centers or regions in their capacity as an owner in addition to that received from their positions with the Company.

During the year ended December 31, 2024, officers and employees of the Company owned part of one of the 70 worldwide regions. For the years ended December 31, 2024, 2023, and 2022, the Company received approximately $0, $120,000, and $322,000, respectively, in royalties from worldwide regions owned by related parties. The officers and employees may receive additional compensation directly from the worldwide regions in their capacity as an owner in addition to that received from their positions with the Company.

The Company licenses copyrighted material from an entity owned by an employee and Executive Chairman and Chairman of the Board of the Company. During the years ended December 31, 2024, 2023, and 2022, payments of approximately $125,000, $129,000, and $122,000, respectively, were made to the entity for such licenses.

Occasionally, the Company pays expenses on behalf of affiliated non-consolidating entities. The Company then charges these entities for reimbursement at the cost of the expenses. For the years ended December 31, 2024, 2023, and 2022, we charged an affiliated entity for expenses paid on its behalf in the amounts of approximately $0, $0, $600,000, respectively. In certain instances, an affiliated non-consolidating entity provides certain management services to the Company for which it charged the Company a fee of approximately $0, $0, and $31,300,000 for the years ended December 31, 2024, 2023, and 2022, respectively, of which approximately $2,600,000, $3,600,000, and $13,300,000 remained payable at each respective year-end.

On March 24, 2022, the Company executed a transaction with a non-consolidating affiliate entity (entity under common control), which the Company determined to be a VIE, whereby the Company disbursed $40 million in the form of notes receivable for the purposes of supporting the ongoing operations of an affiliate. The note matures on March 24, 2029 and bears interest at 4.75% that is payable on the first anniversary of the loan and at the loan's maturity. The outstanding balance for this note is approximately $38,320,000 and $39,337,000 at December 31, 2024 and 2023, respectively. These transactions have been presented as notes receivable within the consolidated balance sheet and have an allowance of $0 and $0 as of December 31, 2024 and 2023, respectively. The note receivable represents variable interests in the affiliate; however, the Company does not consolidate this entity as the Company does not possess the power to direct the activities that most significantly impact the entity's economic performance and thus is not the primary beneficiary. As of December 31, 2024, the Company's risks of loss due to its involvement with this VIE is limited to the approximately $38,320,000 in outstanding notes receivable. Due to common ownership between these two entities, the Company could be required to provide support to this VIE in the future.

Note 15. Subsequent Events

On March 5, 2025, the Company executed a significant agreement with Stone Point Capital whereby Stone Point Capital agreed to invest in the Company. The investment is expected to require the application of the accounting principles within ASC 805 *Accounting for Business Combinations* which will result in significant fair value adjustments to the consolidated balance sheet. As a result of the agreement, certain deferred compensation agreements were terminated. In addition, with the investment from Stone Point Capital, the Company repaid its existing line of credit agreement and term loan agreement and entered into a new syndicated credit agreement which included a $300 million term loan and access to a revolving credit facility of $50 million. Due to the proximity of the agreement to the date of which these financial statements are available to be issued, the financial statement reporting impacts and adjustments have yet to be determined.

These consolidated financial statements reflect management's evaluation of subsequent events, through March 20, 2025, the date the consolidated financial statements were available to be issued and when it was determined that no other material subsequent events occurred.

EXHIBIT B

MARKET CENTER FRANCHISE AGREEMENT

FRANCHISE AGREEMENT RECEIPT

The undersigned hereby acknowledges and agrees that on the date below, a KELLER WILLIAMS FRANCHISE AGREEMENT was received including all applicable attachments with all information completed in a form ready to execute.

Upon signature of this receipt, a statutorily required 7 DAY hold period will begin. A notification will be sent to you when signatures are permitted.

_____ _____

Date Signature

KELLER WILLIAMS REALTY, LLC

MARKET CENTER FRANCHISE AGREEMENT

MC#

April 15, 2025 (FTC)

KELLER WILIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
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ATTACHMENTS

A AGREEMENT AND GUARANTY OF CONTROLLING PRINCIPALS
B UNDERTAKING OF FRANCHISEE'S PRINCIPALS
C ELECTRONIC DEBIT/CREDIT AUTHORIZATION
D SOFTWARE LICENSE
E CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT
F PROFIT SHARING CONTRIBUTION CALCULATION
G DOMAIN NAME AGREEMENT
STATE SPECIFIC AMENDMENTS

FRANCHISEE Initials/Date _____

INFORMATION SUMMARY

Effective Date: _____ **Market Center No**.:_____

Franchisee:_____

DBA Name: _____

Market Center Street Address (the "Approved Location"):

Market Center Phone Number:

Market Center Website:

Market Center Leadership Team:

- **Operating Principal**:
  Team Leader:
- **Market Center Administrator**:

Opening Date: **First Transmittal Date**: N/A

Region:

Term of Franchise Agreement:

☐ ___ years from Effective Date

☐ Remaining Term of Transferred Franchise Agreement (from Effective Date to_____)

Production Royalty Rate: Six Percent (6%)

Certain Fees:

- Initial Franchise Fee: $35,000
- Transfer Fee: $2,000, plus our costs to review transfer

Awarded Area:

The metropolitan area in which the Awarded Area is located is:

Franchisee's Owners/Principals:

The following is a list of all direct and indirect owners and beneficial owners of Franchisee, all Persons with voting rights over any ownership interests in Franchisee regardless of form of Business Entity or type of ownership or voting interest, and all Franchisee's Principals described in and designated pursuant to Section 6.01(b)(6) of this Agreement. Each Controlling Principal shall execute the Agreement and Guaranty of Controlling Principals attached as Attachment A of this Agreement. Unless designated as a Controlling Principal, each Franchisee's Principals shall execute the Undertaking of Franchisee's Principals attached as Attachment B of this Agreement.

Principals	Percentage of Ownership

(CP indicates a Controlling Principal)

Addresses for Notices:

Company:
Keller Williams Realty, LLC
1221 South Mopac Expressway, Suite 400
Austin, Texas 78746
Attn: Legal/Franchise Systems Department
legal@kw.com

Franchisee:

Attn:

Principal Trademarks:

Trademark	U.S. Federal Registration (Application) Number	U.S. Date of Registration (Application)
KW	2146559	March 24, 1998, renewed January 23, 2018
	5073599	November 1, 2016, renewed November 12, 2021
Keller Williams	2309099	January 18, 2000 renewed January 8, 2020
	4724633	April 21, 2015 renewed July 18, 2024
Keller Williams Luxury International	5406528	February 20, 2018 renewed March 1, 2023
KW Commercial	3845921	September 7, 2010 renewed February 18, 2020
KW Land	5729053	April 16, 2019 renewed May 6, 2024

Insurance Requirements:

(1) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, fire damage, advertising and products liability coverage, in the amount of $1,000,000 per occurrence for bodily injury and property damage.

(2) Workers' Compensation and employers liability insurance in the minimum amount of $500,000 for bodily injury per accident, $500,000 for bodily disease per employee, $500,000 bodily disease policy limit, or such other amounts as may be prescribed by the state or locality in which the Market Center is located, unless Franchisee's state requires that employers participate in a state-administered insurance pool in which case Franchisee must adopt and implement a qualifying plan. Such policies shall also include a waiver of subrogation in favor of Company and its subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, servants, representatives, independent contractors and associates.

(3) Automobile liability coverage, including coverage of any owned, non-owned and hired vehicles, in amounts not less than $1,000,000 combined single limit.

(4) Errors and omissions liability insurance in the minimum amount of $1,000,000 per occurrence covering real estate brokerage services and any other approved services and products, as applicable, that any Person associated with the Market Center offers. For Market

Centers that support commercial real estate activities, E&O liability insurance covering commercial real estate brokerage services and all offered ancillary practices shall not be less than $2,000,000 per occurrence.

(5) Other insurance as may be required by the state or locality in which the Market Center is located.

(6) Except for workers' compensation policies, Keller Williams Realty, LLC and Keller Williams Realty Holdings LLC must be named as additional insureds on all policies. Such policies shall also include a waiver of subrogation in favor of Company and its subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, representatives, independent contractors and associates.

See Section 13 of the Franchise Agreement for additional information regarding Insurance Requirements.

KELLER WILLIAMS MARKET CENTER FRANCHISE AGREEMENT

This Keller Williams Market Center Franchise Agreement (this "Agreement") is entered into as of the Effective Date set forth in the Information Summary (which is incorporated by reference for all purposes into this Agreement) between Keller Williams Realty, LLC, a Texas limited liability company ("Company"), and the Franchisee identified in the Information Summary. Certain capitalized terms in this Agreement have the meanings assigned to them in Article 1.

RECITALS

At a considerable expenditure of time, skill, effort, and money, Company developed and owns a distinctive System that governs the establishment and operation of franchised Market Centers operating under the Keller Williams® name and related Trademarks. Company places a high value on the quality rather than simply the quantity of its franchised locations. For these reasons, Company requires high standards for its business model, representatives, and Franchisees.

Franchisee understands and acknowledges the importance of Company's high standards of quality and service and the necessity of operating Market Centers in conformity with Company's standards and specifications. Franchisee wants to obtain a franchise to use the System and the Trademarks in connection with the operation of a Market Center at the Approved Location.

Company has reviewed Franchisee's application and is willing to award Franchisee a franchise to use the System and the Trademarks in connection with the operation of a Market Center at the Approved Location. Therefore, in consideration of the undertakings and commitments of each party set forth in this Agreement, the parties agree as follows:

1. DEFINITIONS

The following capitalized terms are used in this Agreement with the meaning assigned or referred to in this Article 1.

1.01 Abandon means to close the Market Center for seven or more consecutive days without Company's prior written consent. A pattern of closures for periods of less than seven consecutive days may also result in the Market Center's being deemed Abandoned if, in Company's sole judgment, such closures adversely impact the Market Center or reflect negatively on the goodwill or public image of the Keller Williams brand or network of Market Centers.

1.02 Affiliate(s) means a Person who controls, is controlled by, or is under common control with another Person.

1.03 Annual Business Plan is defined in Section 6.01(h)(4).

1.04 Annual Sales Potential means an Awarded Area's potential for generating annual gross closed commissions through the sale of residential real estate, as stated in the Brand Standards Manuals, as of a measurement date. Currently, the guidelines Company uses to determine Annual Sales Potential is based on the average sales price of residential property in the Awarded Area times 1,000 sold units within the 12 months preceding the measurement date, as reported by the local Multiple Listing Service ("MLS").

1.05 Approved Budget Expenses means those expenses that Company considers necessary to the operation of a Market Center. Approved Budget Expenses may include expenses relating to accounting, tax preparation, computer services, contests and sales awards, contributions, gifts, copying, professional association/organization fees (if applicable), subscriptions, entertainment, insurance, legal expenses, equipment maintenance, federal, state and local taxes, postage, printing, public relations, rent, salaries, supplies, telephone service, training, advertising and travel. Approved Budget Expenses, and the amount allowable for each category, are described in the Brand Standards Manuals.

1.06 Approved Location means the sole physical address of the premises at which Franchisee is authorized to establish and operate the Market Center.

1.07 Associate means a real estate broker or salesperson who possesses a real estate broker's license or salesperson's license that is valid and effective in the applicable state(s) in which he or she provides services and who represents buyers and sellers in the sale of real estate under contract with a Franchisee. Associate includes a Referral Associate.

1.08 Associate Commission(s) means the portion of the Gross Commissions paid to each of Franchisee's Associates based on the real estate sales closed by such Associate during the period for which a determination of Associate Commissions is to be made.

1.09 Associate Leadership Council or **ALC** refers to and includes the International Associate Leadership Council or a regional, city or local Associate Leadership Council in which both Associates and Market Center management personnel are represented. An ALC is designed to provide Associates and Market Center Franchisees an opportunity to give direct input to their applicable franchises and the Company regarding the operation of the System. The composition and responsibilities of each level of ALC is stated in the Brand Standards Manuals.

1.10 Assumed Name means the name under which Franchisee shall conduct the franchised business, which must incorporate (a) those Trademarks set forth in the "Identity Standards" portion of the Brand Standards Manuals, and (b) a name selected by Franchisee and approved by Company, also known as "DBA Name".

1.11 Awarded Area means the geographic area designated by Company in which a Market Center Approved Location shall be located. The Awarded Area associated with Franchisee's Market Center is delineated in the Information Summary.

1.12 Brand Standards Manuals include the Franchise Systems Orientation Manual, the Policy and Guidelines Manual, the Identity & Style Guide, the MCA Support Documents, the Market Center Development Guidebook, the Expansion Systems Orientation, and any amendments to Company policies or standards issued by Company in writing to Franchisee.

1.13 Business Day means any day other than Saturday, Sunday, or days on which federal reserve banks are authorized by law to close.

1.14 Business Entity means a corporation, a general or limited partnership, a limited liability company or any other type of approved business entity.

1.15 Charter Documents means a corporation's articles of incorporation, bylaws and shareholders agreement (if any); a partnership's partnership agreement and, in the case of a limited partnership, also its articles of limited partnership; a limited liability company's articles of association and regulations or operating agreement; and comparable governing documents of these or any other types of business entity.

1.16 Client is a real estate buyer or seller who purchases or sells, or considers purchasing or selling, real estate through a Market Center and/or its Associates.

1.17 Client Information means any information that: (i) can be used (alone or when used in combination with other information) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. Client Information can be in any media or format, including computerized or electronic records as well as paper-based files.

1.18 Commission(s) means revenue earned when a third-party contracts for an Associate to act as a real estate agent or broker. This revenue can take the form of money, real or personal property, or other things of value received or receivable, constituting payment for such services.

1.19 Communities mean the communities Company developed to assist Franchisees and Associates in the education and training of Associates involved in the buying and selling of real estate.

1.20 Company is defined in the preamble and includes its divisions and departments.

1.21 Controlling Principal means and includes, collectively and individually, each Franchisee's Principal who (a) has at least 20% of the direct or indirect ownership interests in Franchisee, or (b) owns less than 20% of a direct or indirect ownership interests in Franchisee and has been designated by Company as a Controlling Principal. A Controlling Principal is required to execute this Agreement and guarantee Franchisee's obligations under this Agreement. Company may in its discretion designate one or more of Franchisee's Principals as a Controlling Principal based on their interest in an entity with a controlling interest in the Franchisee entity. A list of Franchisee's initial Controlling Principals appears in the Information Summary.

1.22 Copyrighted Material means the Brand Standards Manuals, the MC Operating Software, and any other software licensed to Franchisee, newsletters to Franchisees or customers; any advertising and marketing materials, including newspaper and magazine advertisements, radio and television commercials, promotional materials, merchandising materials, sales aids, sales brochures, and information on the Company's websites, or, if applicable, reproduced on an approved website on the internet with changes that the Company authorizes; any educational or training materials created by Company; and any other original materials created by or on behalf of Company or Franchisee or another Franchisee based on materials relating to the System, whether or not the copyrights are registered.

1.23 Core Profit means an amount obtained by reducing Franchisee's Monthly Profit by Other Income. Company may permanently or temporarily include certain sources or levels of revenues to Core Profit by policies that apply uniformly to all Market Centers as further described in the Brand Standards Manuals.

1.24 Delinquent Franchisee means any Market Center Franchisee that is in default of its obligation to pay its Profit Sharing Contribution, Production Royalty or any fees when due or fails to make a timely transmittal.

1.25 Depository Account means any account opened and maintained by Franchisee pursuant to Section 6.01(k), at a bank or other financial institution that is a participating member of the Automated Clearinghouse network or such other network or system as may be directed or approved by Company.

1.26 Effective Date means the date that Company indicates in the Information Summary.

1.27 Event of Material Default is defined in Section 15.01.

1.28 Force Majeure means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause not within the control of the party affected thereby.

1.29 Franchise Systems Orientation means initial and on-going required training in System brand standards provided by Company or its designee.

1.30 Franchisee means the entity with whom Company has entered into this Agreement to conduct business as a Keller Williams Realty Market Center. Neither the Controlling Principal nor the Operating Principal nor any other Franchisee's Principal is the Franchisee under this Agreement.

1.31 Franchisee's Group means Franchisee, each Controlling Principal, Operating Principal, each Franchisee's Principal, each of their respective Affiliates, successors, and assigns and each of their respective directors, officers, shareholders, members, managers, partners, attorneys, employees, associates, independent contractors, and representatives.

1.32 Franchisee's Principals means all officers, directors and managers of Franchisee and all holders of a direct or indirect ownership interest in Franchisee (and in any entity that directly or indirectly holds an ownership interest in Franchisee). A list of Franchisee's Principals as of the Effective Date are listed in the Information Summary.

1.33 Gross Commissions means the total Commissions received by Franchisee during the period for which a determination of Gross Commissions is to be made.

1.34 Gross Commissions Income or (**"GCI"**) means Gross Commissions that a Franchisee receives, including any bonuses and referral fees received, minus any referral fees paid by the Franchisee to other brokerages.

1.35 Gross Market Center Income means Gross Commissions, less Associate Commissions and the Production Royalty for the relevant period.

1.36 Gross Revenues means all money and other things of value received directly or indirectly by Franchisee or its Affiliates from or in connection with the operation of the Market Center and without deducting any of Franchisee's costs, expenses, or disbursements. Company may permanently or temporarily exclude certain sources or levels of revenues from Gross Revenues

by policies that apply uniformly to all Market Centers as further described in the Brand Standards Manuals.

1.37 Holdover Period is defined in Section 3.04.

1.38 Initial Franchise Fee means the initial fee described in the Information Summary that Franchisee pays to Company upon execution of this Agreement for the initial grant of the franchise to operate the Market Center and for initial training and other assistance.

1.39 KW Worldwide means an affiliated business authorized to develop the System outside of the United States and Canada.

1.40 Late Payment Fee means an amount payable in connection with the late payment of any monies owed to Company.

1.41 Loss Carry Forward with respect to a particular month means the approved losses from prior months which are used to adjust the amount of Monthly Profit on which Profit Share is calculated as further described in the Brand Standards Manuals.

1.42 Market Center means the approved bricks and mortar physical location from which a Franchisee conducts the business of brokering the sale and purchase of residential real estate, and the offering of any other approved services under the System, such as Commercial real estate services. For purposes of Section 2.01(d), "Market Center" includes any Company-approved office facility that is permanently or temporarily identified by or associated with the Keller Williams Realty trade name, for example, by signs located anywhere on the building premises, by telephone or internet directory listings, or by letterheads, business cards or other business forms.

1.43 Market Center Administrator or **("MCA")** means an individual designated by Franchisee to manage the Market Center's administrative and financial functions under the supervision of the Team Leader as further described in Section 6.01.

1.44 MC Operating Software means an integrated system of software developed, assembled and, as between Company and Franchisee, owned by Company, which Franchisee is required to use in the operation of the Market Center. Company reserves the right to upgrade and modify the software designated as the MC Operating Software at any time and to replace any of its components with other software that performs comparable functions. We have currently designated the CommandMC and supporting applications as the current MC Operating Software.

1.45 Mega Associate means a real estate associate who has developed a business system, brand image and marketing tools that enable the associate to close real estate transactions and earn Associate Commissions in excess of most Associates.

1.46 MLS means a Multiple Listing Service or comparable trade organization or government agency that tracks statistics relating to residential real estate brokerage at the local level.

1.47 Monthly Profit means an amount obtained by reducing Franchisee's monthly Gross Market Center Income by (i) Franchisee's Approved Budget Expenses and (ii) Franchisee's cumulative, allowable Loss Carry Forward, if any.

1.48 Non-REALTOR® Associate Affiliation Agreement means Exhibit A to the Affiliation Addendum to Market Center Franchise Agreement (Non-REALTOR® Associates).

1.49 Opening Date means the date that Franchisee opens the Market Center for business.

1.50 Operating Principal means the individual Franchisee has designated and Company has approved as the individual who is responsible for the day-to-day management and supervision of the Market Center as further described in Section 6.01. The Operating Principal shall be the spokesperson for the Franchisee on matters pertaining to this Agreement, and Company and Regional Representatives have the right to rely on written and other statements from the Operating Principal. Nothing here shall preclude Company from communicating with any Franchisee's Principal about matters arising from this Agreement or the relationship between the parties to this Agreement.

1.51 Other Fees and Charges is defined in Section 5.03.

1.52 Other Income means a Market Center's Gross Revenues, less Gross Commissions. Company may permanently or temporarily exclude certain sources or levels of revenues from Other Income by policies that apply uniformly to all Market Centers as further described in the Brand Standards Manuals.

1.53 Permitted Business means a Business Entity, approved by Company in writing and required by law to be established in order for Franchisee to operate real estate brokerage services with multiple categories of Associates (e.g., REALTOR® Associates, Non-REALTOR® Associates, or Referral Associates; Non-REALTOR® Associates and Referral Associates are hereinafter "Other Associates") that is either (i) a wholly owned subsidiary of Franchisee (ii) an entity with identical ownership to Franchisee, or (iii) if neither (i) nor (ii) are permissible under applicable law, the Permitted Entity must be an entity consisting solely of Other Associates whose revenues from the performance of real estate activities ultimately flow to and through Franchisee's Market Center. The Permitted Business must be duly registered, have as its sole corporate purpose the operation of a real estate brokerage of Other Associates, and have executed the Non-REALTOR® Associate Affiliation Agreement or the Referral Associate Affiliation Agreement, as applicable. The Permitted Business may conduct real estate activities exclusively from the Approved Location or other location within the Franchisee's Awarded Area if approved by Company in writing.

1.54 Person means an individual or a Business Entity.

1.55 Privacy Laws means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing of Client Information in any way, including data protection laws such as EU General Data Protection Regulation 2016/679 ("GDPR"), the California Consumer Protection Act of 2018 and other similar laws, rules or regulations, laws regulating marketing communications and/or electronic communications such as the CAN-SPAM Act, the Telephone Consumer Protection Act (TCPA) and "Do Not Call" laws rules and regulations, information security regulations, the most current Payment Card Industry Data Security Standard, ISO 27001, ISO 27002, and security breach notification rules.

1.56 Production Royalty means the monthly royalty payment that Franchisee must pay Company for the continuing use of the Company's Trademarks and the System.

1.57 Profit Sharing Account means a record-keeping entry account maintained by Company to record Market Center Franchisees' payments of Profit Sharing Contributions and Company's administration of the Profit Sharing Plan.

1.58 Profit Sharing Contribution means an amount determined as a percentage of Franchisee's Monthly Profit pursuant to the table on Attachment F.

1.59 Profit Sharing Plan means the program developed by Company to compensate Associates in the Keller Williams system for recruiting producing Associates to profitable Market Centers in the US and Canada.

1.60 Publicly-Held Corporation means a corporation that has securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or a company subject to the reporting requirements of Section 15 of that Act.

1.61 Regional Representative means the independent representative of Company who is authorized to perform certain duties on Company's behalf, as set forth in Section 4.02.

1.62 Referral Associate means an Associate, who is a licensed real estate professional for the sole purpose of referring clients to other Associates, and as a result, earns a referral fee when that referral results in a closed transaction.

1.63 Referral Associate Affiliation Agreement means Exhibit A to the Affiliation Addendum to Market Center Franchise Agreement (Referral Associates).

1.64 Sponsor means the individual who directly or indirectly recruits producing Associates into Market Centers. The determination of the Level One Sponsor for each Associate is made by the Associate being sponsored, and the determination is final and binding. Each Associate has different levels of Sponsors. The level one Sponsor is the individual who directly recruited the Associate to become affiliated with a Market Center; the level two Sponsor is the individual who directly recruited the Associate's level one Sponsor, and so on. The number of levels of Sponsors who may receive Sponsor Distribution Percentages is currently seven. The number of levels of distribution and the Sponsor Distribution Percentages may be changed by the International Associate Leadership Council, as more specifically described in the Brand Standards Manuals.

1.65 Sponsor Distribution Percentage means that portion of the Profit Sharing Contribution that is paid to an Associate who is the Sponsor of a producing Associate in a profitable Market Center. The percentage of Franchisee's Profit Sharing Contribution for a given month, if any, attributable to each producing Associate is first determined by calculating the percentage of the Gross Commissions attributable to sales closed by that Associate for the month. Company then pays that percentage of the month's Profit Sharing Contribution from the Profit Sharing Account in accordance with the procedure set forth in the Brand Standards Manuals. The number of levels of distribution and the Sponsor Distribution Percentages may be changed by the International Associate Leadership Council on a prospective basis as set forth in the Brand Standards Manuals.

1.66 System means the then-current comprehensive business system prescribed by Company that Franchisees use to organize and administer their Market Centers to market and provide real estate brokerage services, and any other approved services, as more specifically described in this Agreement and the Brand Standards Manuals. Distinguishing characteristics of the System

include distinctive methods and techniques for attracting Associates; the high moral and ethical standards that franchisees are expected to observe in dealing with their Associates, other franchisees and the public; Associate recruitment methods; uniform standards and specifications; quality and uniformity of services; procedures for training, consulting and assistance; the Associate Leadership Council program; Keller Williams University; Company's profit sharing plan; Company's business philosophy and culture; and advertising and promotional programs, all of which Company may change, improve and further develop from time to time. The System does not require Market Centers and their Associates to charge any specific Commission amounts to Clients. Company does not determine Commissions charged to Clients and plays no role in establishing Commissions charged to Clients.

1.67 Team Leader means the individual who Franchisee has designated and Company has approved as the individual who is responsible for managing the Market Center's Associate recruiting, training, and consulting activities and performing such other duties as described in the Brand Standards Manuals as further described in Section 6.01.

1.68 Temporary New Homes Sales Location describes a situation where Franchisee has obtained an exclusive listing to sell all, or substantially all, of the new homes in a specific new home development and, as a condition of obtaining that listing, Franchisee (or the Associate holding the listing) has agreed to occupy a model home or other facility in the development solely for the purpose of selling new homes in that development for a limited, specified period of time.

1.69 Term means the current, applicable term of this Agreement.

1.70 Trade Dress means decorative, non-functional components of a Market Center that provide the establishment a distinctive, memorable appearance.

1.71 Trademarks (or "**Marks**") means the proprietary trademarks, service marks, trade names, logos, insignias, designs, trade dress, and other commercial symbols (and associated color palates), both registered and unregistered, that Company now or later designates in the Brand Standards Manuals to identify the System or the source of products and services that Market Centers offer, sell and market. The Information Summary lists the principal Trademarks that Franchisee is authorized to use.

1.72 Transmit means to submit to Company, via the MC Operating Software or, if expressly permitted in a particular section of this Agreement, through other electronic means directed by Company, any statement or report this Agreement obligates Franchisee to submit.

1.73 Transmittal Date means the date on which Franchisee initially submits the reports that Section 10.01(e) requires, which is not more than 90 days after the Effective Date and subsequently submits reports monthly no later than the dates indicated in Section 10.01(e).

2. GRANT OF FRANCHISE

2.01 <u>Grant of Franchise</u>.

(a) Subject to the terms and conditions of this Agreement, Company grants to Franchisee, in reliance on the business skill, financial capacity, and personal character of Franchisee, and each Franchisee's Principal, the right and franchise to use the System and the Trademarks in

the operation of a Market Center only at the Approved Location and only under the DBA Name, and to market and provide real estate brokerage services, and other approved services throughout the Awarded Area. Franchisee accepts the franchise and undertakes the obligation to establish and operate a Market Center at the Approved Location in accordance with this Agreement and any of its amendments or addenda, and the Brand Standards Manuals.

(b) Company retains the right to adjust the boundaries of the Awarded Area at any time during the Term of this Agreement if, in Company's sole business judgment, the Awarded Area is found to encompass an area that holds an Annual Sales Potential equivalent to substantially more than 1,000 sold units times the average sales price of residential property in the Awarded Area during the 12 months preceding the measurement date as reported by the local MLS. Company shall give Franchisee reasonable advance notice of its decision to adjust the boundaries of the Awarded Area. Also, if Franchisee qualifies as a multi-Market Center operator under the standards then set forth in the Brand Standards Manuals, Company shall offer Franchisee an option, exercisable for 60 days after Company gives notice of its decision to adjust the boundaries of the Awarded Area's size, to acquire a franchise for a Market Center located in the part of the Awarded Area that Company excluded from the original Awarded Area if the excluded area independently qualifies for a new Market Center Awarded Area. Company shall describe in the option notice the boundaries of the area it intends to award for a new Market Center. It shall describe the boundaries of the adjusted Awarded Area in a new Information Summary, or some other form of addendum to this Agreement. In no case shall the adjusted Awarded Area hold an Annual Sales Potential of less than 1,000 sold units times the average sales price of residential property in the adjusted Awarded Area during the 12 months preceding the measurement date, as reported by the local MLS.

(c) Franchisee may not relocate the Market Center or other approved office such as a Business Center or Mega-Associate Office without prior written approval of Company. In no case may the Approved Location of a relocated Market Center lie outside the Awarded Area. At Franchisee's request and in compliance with this Section and Section 2.02, Franchisee may relocate to a temporary site. During the period in which the Market Center is not fully in operation, Company may require Franchisee to pay a minimum fee in lieu of Production Royalty.

(d) For the Term and for so long as Franchisee is complying with all of its obligations hereunder, Company shall not establish nor authorize any Person to establish a Market Center in the Awarded Area. However, Company, any other Market Center franchisee and any other authorized Person at any time (i) may advertise or promote the Keller Williams® brand, system and the Trademarks in the Awarded Area, (ii) may solicit or accept listings of and show property located in the Awarded Area and otherwise act as a real estate broker for customers and properties located in the Awarded Area, (iii) may operate Temporary New Home Marketing Locations in the Awarded Area; and (iv) may establish a Business Center or Mega Agent Office with Franchisee's consent. Further, Company may offer and provide (and may authorize others to offer and provide) at and from locations in the Awarded Area products and services that may be the same as or similar to those offered by Market Centers.

(e) Company reserves all rights and opportunities that are not expressly granted to Franchisee pursuant to this Agreement.

(f) Company reserves the right, from time to time, by adoption or amendment of System standards to add, amend, modify, delete, or enhance any portion of the System (including any of the Marks and System standards) as may be necessary in the Company's sole judgment to change,

maintain, or enhance the System or Marks or the reputation, efficiency, competitiveness and/or quality of the System, or to adapt it to new conditions, materials or technology, or to better serve the public. Franchisee will, at its expense, fully comply with all such additions or modifications reasonably designated by Company as applicable to the then-existing System.

(g) Where required by law, Company shall permit Franchisee to affiliate with a Permitted Business to allow Franchisee to permit Other Associates to use the System and Trademarks in connection with the offering of real estate brokerage services during the Term in accordance with terms and conditions of the Franchise Agreement. Franchisee must execute the Affiliation Addendum to Market Center Franchise Agreement (Non-REALTOR® Associates) or Affiliation Addendum to Market Center Franchise Agreement (Referral Associates) before it affiliates with a Permitted Business. In no case will Company have a direct contractual relationship with a Permitted Business, or be required to provide such Permitted Business with any direct assistance or services, or any direct license to use the Marks; it being agreed that Company's obligations flow solely to Franchisee, and as an accommodation to Franchisee, Company is permitting Franchisee to affiliate with a Permitted Business on the basis that Franchisee shall be solely responsible for providing assistance and services, and a sublicense to use the Marks to, the Permitted Business and its Other Associates with respect to their performance as it may relate to Franchisee's Market Center. Nothing herein shall be construed to mean that Franchisee or its Associates must become members of the National Association of REALTORS® or a local Board/Association of REALTORS®. Company does not require membership or participation in any national, state or provincial, or local REALTOR® associations or in any other trade associations or organizations. Franchisee may establish its own guidelines.

2.02 <u>Site Selection</u>.

(a) Franchisee is responsible for locating and securing the Approved Location for the Market Center. The Approved Location must be approved by Company in writing and must meet the criteria specified by Company in the Brand Standards Manual.

(b) Company may, in its reasonable discretion, require that Franchisee select a temporary site for the operation of the Market Center, or may approve a temporary site upon Franchisee's request. Approval of a temporary site must be given in writing by Company. All other terms and conditions of this Agreement shall apply to the operation of a Market Center at a temporary site. Subject to any extension of time approved by Company in writing, Franchisee may not operate the Market Center from a temporary site for more than six months.

(c) Within 90 days after the Effective Date, Franchisee shall open the Market Center and commence business either at the Approved Location or at a temporary location that Company approves in accordance with Section 2.02.

2.03 <u>Communities</u>

From time to time, Company may develop Communities to provide Franchisees and Associates education and training opportunities as explained in the Brand Standards Manual.

3.
TERM

3.01 Term of Agreement.

(a) Unless sooner terminated pursuant to Article 15, the Term of this Agreement is set forth in the Information Summary.

3.02 New Term.

(a) If, upon the expiration of the Term, Franchisee is in full compliance with Franchisee's agreements and obligations under this Agreement, and each member of the Franchisee's Group is in full compliance with their respective agreements and obligations under any other agreements with Company or its Affiliates, and the following conditions are met, then Franchisee may apply for a new Market Center franchise agreement, which will be for a 10-year term. A new Market Center franchise agreement may be granted or not granted in Company's sole discretion. To apply for a new Market Center franchise agreement, Franchisee must comply with any conditions set by Company, including each of the following material conditions:

(1) Franchisee has complied with all of the terms and conditions of this Agreement throughout the Term;

(2) Franchisee must give Company written notice of Franchisee's election to apply for a new Market Center Franchise Agreement not less than 210 days nor more than 365 days prior to the end of the Term;

(3) The Market Center must have been making Profit Sharing Contributions on a regular basis in at least 4 out of each consecutive 5-month periods during the 24 months before the end of the Term;

(4) The Market Center must currently be and have been under the management and supervision of an Operating Principal and a Team Leader whom Company has unconditionally approved and not subsequently disapproved at all times between the date of Franchisee's notice of intent to apply for a new Market Center Franchise Agreement and the end of the Term;

(5) No member of the Franchisee's Group shall be in default of any regional representative agreement, any franchise agreement, or any other agreement between any member of the Franchisee's Group and Company, its Affiliates, or any Regional Representative; and each member of the Franchisee's Group shall have fully complied with all the terms and conditions of such agreements during their term;

(6) Each member of the Franchisee's Group shall have satisfied all monetary obligations they owe to Company and its Affiliates and to any business creditors of each member of the Franchisee's Group, and shall have timely met those obligations throughout the Term;

(7) Franchisee shall renovate the Market Center premises to the extent Company reasonably requires, which may include renovation of signs, computer systems and other equipment, furnishings, fixtures, décor and Trade Dress, to reflect the then-current standards and image of the System;

(8) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Approved Location or, if this is not the case, Franchisee has acquired a replacement Approved Location that is satisfactory to Company;

(9) No less than 90 days prior to the expiration of the Term, Franchisee must execute the then-current form of Market Center Franchise Agreement (including all Attachments) being used by Company (as it may be modified by Company), which will take effect the day after the expiration of this Agreement, will supersede this Agreement in all respects, and which may have materially different and less favorable terms than this Agreement. Franchisee shall pay a fee equal to 10% of the then-current Initial Franchise Fee being charged to prospective Franchisees generally or $5,000, whichever is less.

(10) No less than 90 days prior to the expiration of this Agreement, Franchisee, Operating Principal, and Franchisee's Principals shall have executed a general indemnification and release, in a form and in the time prescribed by Company, of all claims against Company and its Affiliates, and their respective officers, directors, shareholders, members, managers, partners, employees, independent contractors, Regional Representatives, representatives and agents, in their corporate and individual capacities, covering, without limitation, claims arising under this Agreement and any other agreement between any member of the Franchisee's Group and Company and its Affiliates and under federal, state and local laws, rules and ordinances, which indemnification and release shall be effective against all members of the Franchisee's Group regardless of whether such members of the Franchisee's Group have executed the indemnification and release and which indemnification and release shall cause Franchisee and each Franchisee's Principal to indemnify Company and its Affiliates with respect to claims brought by any such members of the Franchisee's Group;

(11) Each Franchisee's Principal, Operating Principal, Team Leader, and Market Center Administrator shall comply with Company's then-current qualification and training requirements;

(12) Franchisee's Group shall have exercised diligent efforts to develop the Market Center to its full potential during the Term;

(13) Franchisee, Operating Principal, and Franchisee's Principal shall execute a form authorizing Company to obtain a consumer report and to conduct a credit and background check; and

(14) Each Franchisee's Principal meets our then current subjective and objective criteria for new franchisees, including relevant experience, background, past record of compliance with laws, financial capacity, skills, integrity, education, and other qualities of character; and

(15) Franchisee shall provide a copy of current financial statements, including its balance sheet, income statement, and cash flow statement for the Market Center for the last 5 years.

(b) Franchisee's failure or refusal to timely comply with any of the conditions to execute a new Market Center franchise agreement stated in Section 3.02(a) shall be interpreted as a conclusive, irrevocable election on Franchisee's part not to enter into a new Market Center franchise agreement.

(c) If Franchisee does not provide timely written notice of Franchisee's election to apply for a new Market Center franchise agreement or does not timely execute the then-current form of Market Center Franchise Agreement (as is may be modified by Company), Company will deem Franchisee's actions as Franchisee's decision not to enter into a new Market Center franchise

agreement, in which case Franchisee understands, acknowledges, and agrees that this Agreement will expire at the end of the Term.

3.03 Transition.

If this Agreement is expiring by its terms, in order to protect the Company's goodwill and to facilitate an orderly and efficient transition, Franchisee agrees that Company or its designee will have the right to contact and communicate personally with Franchisee's Market Center Associates to solicit and/or discuss with them their options for continued affiliation with other Market Centers and or opportunities to purchase a Market Center:

(a) 210 days prior to the expiration of this Agreement if Franchisee has not given notice of its intent to enter into a new Market Center franchise agreement, either by notifying Company of Franchisee's intent not to apply for a new Market Center franchise agreement or by failing to timely provide written notice of Franchise's election to apply for a new Market Center franchise Agreement; or

(b) 90 days prior to this Agreement expiring if Franchisee timely provided written notice of Franchisee's election to apply for a new Market Center franchise agreement, but failed to execute the then-current form of Market Center Franchise Agreement or satisfy its other express obligations under this Agreement.

3.04 Holdover Period.

If Franchisee does not timely execute Company's then current form of Market Center Franchise Agreement (as it may be modified by Company) and continues to operate the Market Center after the expiration of this Agreement, Franchisee understands, acknowledges, and agrees that the Term of this Agreement has expired, and that Franchisee will be deemed to be operating on a month-to-month holdover basis during which time all obligations of this Agreement remain in full force and effect as if this Agreement had not expired ("Holdover Period"). In addition, Franchisee will pay a monthly holdover fee equal to an additional 2% of Gross Commission Income on top of the standard Production Royalties during the Holdover Period. Company reserves the right to terminate Franchisee's right to operate during the Holdover Period at any time, and without cause, upon 10 days' prior written notice to Franchisee. Franchisee may terminate the Holdover Period by providing 30 days' prior written notice to Company. If Franchisee closes the Market Center without providing the required 30 days' prior written notice, in addition to any amounts due under this Agreement as of the date Franchisee closed the Market Center, Franchisee will pay Company – as liquidated damages - Production Royalties in an amount equal to the Production Royalties that Franchisee paid Company (or should have paid Company) in the six months immediately prior to closing the Market Center. All post-termination obligations and restrictions in this Agreement shall be deemed to take effect upon the termination of the Holdover Period. Nothing in this section affects the Company's ability to seek injunctive relief, specific performance, or other relief permitted under this Agreement or applicable law.

4.
COMPANY'S SERVICES

4.01 Company's Services.

(a) Company shall provide such advisory assistance to and training of Franchisee in the operation of the Market Center as Company deems advisable and as provided in Section 6.01(h).

(b) Company may make available, from time to time, research data relating to marketing, and advertising Market Center services.

(c) Company shall provide Franchisee the Brand Standards Manuals in such format as deemed appropriate at Company's discretion, which may be electronic format.

(d) Company shall make one copy of the MC Operating Software available for installation in Franchisee's computer. Company from time to time shall also provide certain maintenance services for the MC Operating Software pursuant to the terms of the Software License attached as Attachment D.

(e) Company shall maintain and administer the Profit Sharing Plan in accordance with Article 12 and related policies.

(f) Company shall establish and maintain guidelines in the Brand Standards Manuals for such Local, City, Regional and International Associate Leadership Councils as Company deems appropriate from time to time.

(g) Company shall provide or make available to Franchisee from time to time revised lists of the approved vendors of Company in such format as deemed appropriate at Company's discretion, which may be electronic format.

(h) If Company establishes an advertising cooperative in the region in which the Market Center is located, Company shall administer such cooperative in accordance with Section 11.01, and if Company establishes a national advertising fund, Company shall administer such fund in accordance with Section 11.01.

(i) Company shall seek to maintain the high standards of quality, appearance, and service of the System, and to that end shall conduct, as it deems advisable, inspections of the Market Center and evaluations of the Market Center's products and services.

(j) Company may organize an annual convention on behalf of all Market Center Franchisees in good standing. Franchisee shall be responsible for all costs that its personnel and other guests incur to attend the convention, including registration fees, transportation, lodging, meals and wages. Company may assess an annual sponsorship fee of up to $1,000 per Market Center to cover the costs of organizing and putting on the convention.

4.02 Regional Representative.

Company may authorize a Regional Representative to perform any of Company's duties under this Agreement or the Brand Standards Manuals. Franchisee must cooperate with the Regional Representative that Company assigns to the Market Center and must comply with the requirements

of this Agreement at all times in a manner that permits the Regional Representative to perform the delegated duties, obligations, and services of Company in accordance with this Agreement. Nothing in this Agreement shall be deemed to define a Regional Representative as an associate, joint venture partner, partner, employee or servant of Company or Franchisee for any purpose. Company shall be relieved of any obligation to perform any duties under this Agreement, which has been delegated to a Regional Representative, and for as long as such Regional Representative continues to serve in such capacity to provide such services and undertake such obligations to Franchisee in accordance with this Agreement.

5.
FEES

5.01 Initial Franchise Fee.

Franchisee shall pay to Company the Initial Franchise Fee of $35,000 upon execution of this Agreement, which Initial Franchise Fee is fully earned upon execution of this Agreement and, except as provided in Section 6.01(h)(1), is not refundable. The Initial Franchise Fee includes a subscription plan allowing the Operating Principal, the Team Leader, and the Market Center Administrator to attend training pursuant to this Agreement. Any initial training fees not used by Franchisee within 18 months from the Effective Date shall be fully and finally forfeited to Company.

5.02 Production Royalty.

In consideration for the use of the System and the Trademarks, Franchisee shall pay Company a Production Royalty equal to 6% of Franchisee's monthly Gross Commission Income. It is Company's current policy to set an annual cap on Production Royalty. Currently, that cap is $3,000 per Associate in Production Royalty. Company reserves the right to increase the annual cap on Production Royalty during the Term to an amount not to exceed $4,000 per Associate in Production Royalty.

5.03 Other Fees and Charges.

In consideration for the use of the System and the Trademarks, Franchisee shall pay Company or its designee the fees and charges listed below ("Other Fees and Charges"). Company reserves the right to adjust the amount of any fee or charge in writing or by a supplement or amendment to the Brand Standards Manuals and to add new fees or charges related to new developments in technology and new offerings that may become available to Franchisee during the Term. Company also reserves the right to charge Franchisee any applicable sales tax for fees and charges set forth herein.

(a) New Associate Fee, payable at the rate of up to $40 per Associate (currently $25 per Associate) who affiliates with a Market Center to cover the administrative costs of establishing a file and entering initial data for the Associate.

(b) Associate Renewal Fee, payable annually at the rate of $25 per Associate (of which the Franchisee retains $5 after the initial year) as a fee for establishing and maintaining affiliation with the Keller Williams System.

(c) Accounting Software Upgrade and Maintenance Fees, payable at the rate of up to $1,000 (currently $325 per year plus sales tax) as a charge for accounting software upgrades, maintenance fees, and support.

(d) MC Operating Software Upgrade Fee, payable at the rate of up to $1,500 per year as a license fee for any proprietary software that Company provides.

(e) Technology Fee, payable at the rate of up to $250 upon signing this Agreement and thereafter monthly at a rate up to $300 per month (currently $79 per month) to cover the cost of providing the Market Center with access and permissions to Company's technology systems.

(f) Associate Technology Fee, payable at a rate of up to $150 per month (currently $65 per month) per Associate for developing and supporting technology initiatives. This may be charged as two separate fees so long as it does not exceed the maximum per month, per associate identified above.

(g) KPA Fee, payable at the then-current rate, currently $500 per month for a subscription service to administer behavioral assessments to Associates and candidates proposed for the Operating Principal, Team Leader and Market Center Administrator positions.

(h) Late Transmittal Fee, payable at the rate of $500 for each day that Franchisee fails to Transmit on time a Gross Revenues statement, a Production Royalty statement or a Profit Sharing Contribution report. Franchisee acknowledges that the administration of the Profit Sharing program, the fulfillment of Company's commitments to its Regional Representatives, and other aspects of System administration require the timely reporting of information regarding payment of Production Royalty and Profit Sharing Contributions. Franchisee therefore agrees that the amount of the Late Transmittal Fee reasonably and appropriately compensates Company for the disruption of System administration that late reporting and late payments cause.

(i) Connect Fee, payable at the then-current rate, currently $500 per month per Market Center, but subject to increase up to $1,000 per month.

(j) G-Suite Fee, payable at the rate of up to $10 per month per Associate (currently $5 per month per Associate) to support the provision of email and Google workspace accounts to Associates and staff in the Market Center.

5.04 Terms of Payment.

Franchisee authorizes Company to deduct the Production Royalty under Section 5.02 and Other Fees and Charges under Section 5.03 from the account that Franchisee maintains in accordance with Section 6.01(k) at any time on the 7th Business Day of each month with respect to Production Royalty and Other Fees and Charges owed for the preceding month. All other fees and charges that this Agreement requires, including without limitation those related to reimbursement of expenses and costs of collection, for which no terms of payment are specified, shall be payable by electronic transfer of funds in accordance with Section 6.01(k), on demand or receipt of any billing statement or invoice therefore, whichever is earlier. Pursuant to Section 6.01(k), Company shall deduct payments directly from Franchisee's bank account by electronic funds transfer to cover all fees, costs, taxes and expenses described in this Agreement, including the costs of electronic

funds transfer. Franchisee must sign all authorizations required, and Franchisee must adequately fund Franchisee's bank account.

5.05 Late Payment Fee.

If Company does not receive good funds representing payment of any month's Production Royalty or Other Fees and Charges, or if Franchisee becomes habitually late or materially delinquent in the payment of any fee, Franchisee shall pay Company, in addition to the overdue amount, a Late Payment Fee in the amount of $500 each day any amount due to Company remains unpaid. The Late Payment Fee is reasonably related to Company's costs, is not a penalty, and is in addition to any other remedy available to Company under this Agreement for Franchisee's failure to pay amounts due to Company under this Agreement. If for any reason the Late Payment Fee is deemed to be interest in excess of the maximum rate allowed by applicable law, any such excess shall be applied as a payment and reduction of any other amounts that may be due under this Agreement, and if no such amounts are due, such excess shall be repaid to Franchisee in a timely manner.

5.06 No Right for Franchisee to Withhold.

Franchisee shall not be entitled to withhold monies due to Company on grounds of alleged non-performance by Company. Any monies or report not actually received by Company on or before its due date shall be deemed overdue. Except as provided in Section 12.03(b), if any such payment is overdue, Franchisee shall pay Company, in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less, from the date due until paid. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required, or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due hereunder, and if no such amounts are due, then such excess shall be repaid to the party that paid such interest. Entitlement to such interest shall be in addition to any other remedies Company may have in law or in equity, arising under this Agreement or otherwise.

5.07 Company's Right to Apply Payments.

If any member of Franchisee's Group owes monies to Company, its Affiliates, or representatives under another agreement, Company may withhold payment of any amounts due to Franchisee and apply such payments to the outstanding amounts owed to Company, its Affiliates, or representative under the other agreement. In no case shall Company be required to account for different ownership interests among any members of the Franchisee's Group with respect to any such application of amounts owed under any other agreement.

5.08 Suspension of Benefits and Services.

If Franchisee fails to make any payments to Company as required under this Agreement, in addition to the late fee and interest Company may charge Franchisee, Company has the unfettered right to suspend any and all benefits and services provided to Franchisee and its Associates under this Agreement until such time as Franchisee pays all amounts past due. Company's rights under this section are not an exclusive remedy and does not, in any way, affect Company's rights to receive payment or to terminate this Agreement as provided for in Section 15.02(a)(3).

5.09 Inflation Adjustments.

Amounts due to Company under this Agreement may be adjusted by Company annually in the Company's sole and absolute discretion up to the increase in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. Company will notify Franchisee of any such adjustment.

6.
DUTIES, REPRESENTATIONS, WARRANTIES AND COVENANTS OF FRANCHISEE

6.01 Duties, Representations, Warranties and Covenants of Franchisee.

(a) Franchisee and each Franchisee's Principal understand and acknowledge that all material aspects of the operation of the Market Center are important to Company and other franchisees who use the Trademarks and the System in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all Market Centers, and to protect Company's reputation and goodwill. Franchisee and each Franchisee's Principal agree to adhere to the requirements of the System as further described herein.

(b) Franchisee and each Franchisee's Principal represent, warrant, and covenant that:

(1) Franchisee is a duly organized Business Entity validly existing under the law of the jurisdiction of its formation and duly qualified to conduct business under the approved DBA Name in each jurisdiction in which its business activities or the nature of its properties require such qualification(s);

(2) Franchisee is a newly-formed Business Entity that has no indebtedness, contractual obligations, or other liabilities that were incurred prior to the Effective Date of this Agreement other than any written agreements directly related to the startup of the Market Center that have been provided to Company prior to the execution of this Agreement;

(3) Franchisee's Charter Documents shall at all times provide that the sole purpose of Franchisee and the activities of Franchisee are limited exclusively to operating the Market Center;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Franchisee's statutory power, or if Franchisee is a partnership, permitted under Franchisee's partnership agreement, and have been duly authorized by Franchisee;

(5) Fully executed copies of Franchisee's Charter Documents and the resolution or consent authorizing Franchisee to enter into and perform this Agreement have been furnished to Company prior to the execution of this Agreement;

(6) A list of all beneficial owners of any ownership or voting interests in Franchisee as of the Effective Date is set forth in the Information Summary;

(7) As of the Effective Date, no member of the Franchisee's Group directly or indirectly owns, maintains, operates, engages in, or has any interest in, or will, directly or indirectly, own, maintain, operate, engage in, or have an interest during the Term of this Agreement in any real estate business that competes with Company, including any real estate business that involves (i) the real estate brokerage business; or (ii) the offer, sale or operational support of businesses in the real

estate brokerage business (whether as a franchisor, regional representative, area director or other similar service provider capacity);

(8) Franchisee's Charter Documents shall require all beneficial owners of any ownership or voting interests in Franchisee to relinquish or transfer their ownership or voting interest in Franchisee upon affiliating with any non-Keller Williams real estate brokerage business or business that diverts or attempts to divert any business or customer of Franchisee to any competitor, so that Franchisee and Franchisee's Principals may comply with the transfer and non-competition covenants contained in Sections 14.02 and 17.02.

(9) Each certificate that evidences an ownership interest in Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Company that it is held subject to, and that its assignment or transfer is subject to, all restrictions imposed upon assignments by this Agreement;

(10) If any officer or director of Franchisee shall cease to serve as such or any individual shall be elected as an officer or director of Franchisee subsequent to the execution of this Agreement, Franchisee agrees to notify Company within 10 days subsequent to such change. Any newly elected officer or director shall execute an addendum to this Agreement as one of Franchisee's Principals agreeing to be individually bound by all obligations of Franchisee's Principals;

(11) Controlling Principals shall jointly and severally guarantee Franchisee's performance under this Agreement and shall bind themselves to the terms of this Agreement by executing the Agreement and Guaranty of Controlling Principals attached to this Agreement as Attachment A. Franchisee's Principals who do not sign the Agreement and Guaranty of Controlling Principals shall execute the Undertaking of Franchisee's Principals' attached to this Agreement as Attachment B, and in all cases Franchisee and the Controlling Principals are responsible for the acts, errors, or omissions of such Franchisee's Principal;

(12) Franchisee shall at all times maintain sufficient working capital to fulfill its obligations under this Agreement in an amount not less than three times the monthly expenses of the Market Center, or as otherwise described in the Brand Standards Manuals. Further, at the time Franchisee executes this Agreement, Franchisee shall have on deposit in its own name in a federally insured bank unrestricted funds in the minimum amount of $150,000, and, throughout the Term, Franchisee shall have on deposit in its own name in a federally insured bank unrestricted funds in the minimum amount of three (3) months of the Market Center's Grand Total Operating Expenses and shall provide evidence thereof to Company in a manner satisfactory to Company; and

(13) Upon execution of this Agreement, Franchisee shall, at its cost, obtain and maintain during the Term all licenses, permits, and bonds required for Franchisee to operate the Market Center under federal, state or local laws, regulations, and ordinances.

(c) Franchisee acknowledges and agrees that the representations, warranties, and covenants set forth in Sections 6.01(b)(1) through (13) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties, and covenants shall constitute a material Event of Default under Section 15.02, pursuant to which Company may terminate this Agreement. Franchisee shall cooperate with Company in any efforts made by Company to verify Franchisee's compliance with such representations, warranties, and covenants.

(d) Prior to the Opening Date, Franchisee shall comply with all pre-opening requirements set forth in this Agreement, the Brand Standards Manuals, or elsewhere in writing by Company.

(e) Upon execution of this Agreement, Franchisee must designate and retain an individual, approved by Company in writing, to serve as Operating Principal. The Operating Principal must have substantial authority and control over the day-to-day management and operation of the Market Center, including the authority to execute the Franchise Agreement and any other agreements or documents related to the Market Center on Franchisee's behalf. The Operating Principal must be fully authorized without further approval of any member of Franchisee's Group to take or omit any action that Franchisee is required or authorized to take or not take under the Franchise Agreement and/or with regard to the day-to-day management and operation of the Market Center. The Operating Principal must in all cases meet the following qualifications, and those qualifications and criteria noted in the Brand Standards Manuals or as otherwise stated by Company in writing, and otherwise be acceptable to Company in its discretion:

(1) Unless otherwise approved in writing by Company, the Operating Principal shall devote substantial energy and best efforts to the supervision and operation of the Market Center.

(2) Unless Franchisee secured the services of a real estate broker as the broker of record for Franchisee, the Operating Principal shall be a real estate broker duly licensed under the laws of the state in which the Market Center is located.

(3) The Operating Principal shall meet the qualifications and criteria established for the position as set forth in this Agreement, the Brand Standards Manuals and as otherwise specified in writing, and shall be acceptable to Company in its discretion. Prior to serving in the capacity of and holding himself or herself out to be the Operating Principal, Company must provide its written approval to Franchisee. Company may evaluate the Operating Principal's performance and qualifications in its discretion. Company may revoke approval of an Operating Principal at any time, including but not limited to revoking approval of an Operating Principal where an Operating Principal is causing disruption or potential disruption in the Market Center. If Company revokes its approval of the Operating Principal, or if the Operating Principal is unable to continue serving in such capacity or no longer qualifies to act as an Operating Principal, Franchisee shall promptly (and in any case within 60 days) designate a replacement Operating Principal who possesses the qualifications listed above; provided that in all cases Franchisee must obtain Company's prior written approval of any such replacement Operating Principal. Franchisee shall provide for Company-approved interim management of the Market Center until a suitable replacement is approved in writing by Company. If the Operating Principal has an ownership interest in Franchisee, any sale, transfer or assignment of the Operating Principal's interest in Franchisee shall be subject to the restrictions on transfer described in Article 14.

(f) Upon the execution of this Agreement, Franchisee shall designate and retain an individual to serve as the Team Leader. The Team Leader shall meet the qualifications and criteria established for the position set forth in this Agreement and in the Brand Standards Manuals or as otherwise stated by Company in writing and shall otherwise be acceptable to Company in its discretion. Franchisee must obtain Company's written approval of a Team Leader prior to allowing the individual to serve in such capacity. A Team Leader is required to head the Market Center's associate recruiting efforts and to perform such other duties as described in the Brand Standards Manuals. The Team Leader shall devote his or her substantial energy and best efforts to his or her responsibilities as Team Leader and may not engage in the sale of real estate or any other business activity. Company may, at any time and for any reason, evaluate the Team Leader's performance

and qualifications in its discretion. Company may revoke approval of a Team Leader in its discretion at any time, including but not limited to, revoking approval of a Team Leader where a Team Leader is causing disruption or potential disruption in the Market Center. If Company revokes its approval of the Team Leader, if a Team Leader resigns, is discharged, is unable to continue serving in such capacity or no longer qualifies to act as a Team Leader, Franchisee shall promptly (and in any case within 60 days) designate a replacement Team Leader who possesses the qualifications and criteria listed above; provided that in all cases Franchisee must obtain Company's prior written approval of any such replacement Team Leader.

(g) Upon the execution of this Agreement, Franchisee shall designate and retain an individual to serve as the Market Center Administrator. The Market Center Administrator shall meet the qualifications and criteria established for the position set forth in this Agreement and in the Brand Standards Manuals or as otherwise stated by Company in writing and shall be acceptable to Company in its discretion. Company may, at any time and for any reason, evaluate the Market Center Administrator's qualification and criteria in its discretion. Company may revoke approval of a Market Center Administrator in its discretion at any time, including but not limited to, revoking approval of a Market Center Administrator where a Market Center Administrator is causing disruption or potential disruption in the Market Center. The Market Center Administrator shall assist the Team Leader in conducting the day-to-day operation of the Market Center and shall have all of the duties set forth for such position in the Brand Standards Manuals. The Market Center Administrator shall devote his or her substantial energy and best efforts to his or her responsibilities as Market Center Administrator and shall not engage in the sale of real estate or any other business activity. If Company revokes its approval of a Market Center Administrator, if the Market Center Administrator resigns or is discharged, is not able to continue to serve in such capacity or no longer qualifies to act as such, Franchisee must promptly notify Company and within 60 days designate a replacement who possesses the required qualifications; provided that in all cases Franchisee must obtain Company's prior written approval of any such replacement Market Center Administrator.

(h) Franchisee agrees that it is important to the operation of the Market Center that Franchisee, Franchisee's Principals and Franchisee's employees receive such training as Company may require, and to that end agrees:

(1) Prior to the Opening Date, the Operating Principal, the Team Leader, the Market Center Administrator, the Franchisee's Principals and other designated members of the Franchisee's Group shall attend Franchise Systems Orientation and an approved Investor Workshop session. Company shall provide the instructors and training materials for those courses as part of the pre-paid training fee subscription exclusively for the Operating Principal, the Team Leader and the Market Center Administrator, either at the Market Center, at Company's corporate offices or at such other location as Company shall determine. Franchisee's Principals and other designated members of the Franchisee's Group will be offered the courses for the standard registration fee Company charges for these courses. If the Operating Principal, Team Leader and Market Center Administrator do not attend Franchise Systems Orientation, Company shall have the right to terminate this Agreement after (i) giving written notice of termination to Franchisee within a reasonable time after the last Franchise Systems Orientation preceding the Opening Date, and (ii) returning Franchisee's Initial Franchise Fee, less Company's reasonable out-of-pocket expenses incurred in connection with this Agreement and Franchise Systems Orientation. Franchisee cannot open the Market Center until the Operating Principal, Team Leader, Market Center Administrator, the Franchisee's Principals and each other designated member of the Franchisee's Group completes Franchise Systems Orientation.

(2) Any individual subsequently designated by Franchisee in the position of Operating Principal, Team Leader or Market Center Administrator or Persons who subsequently become a Franchisee's Principal shall attend Franchise Systems Orientation prior to becoming a Franchisee's Principal. A Team Leader must also attend Market Center Skills Camp within 120 calendar days of Company approving the Team Leader as described in Section 6.01(f). Franchisee shall pay Company a reasonable fee for such training, including training of any replacement individual for any position described in Section 6.01(h)(1).

(3) The Operating Principal, Team Leaders, Market Center Administrator, and each Franchisee's Principal must attend Franchise Systems Orientation at least once every three calendar years during the Term.

(4) No later than 30 days after the Opening Date, and annually prior to December 10th, the Operating Principal shall determine monthly production goals for the Market Center and submit such goals to Company electronically as directed. Franchisee shall also submit to Company, annually prior to December 10th, a business plan for the on-going financing and operation of the Market Center, incorporating the Approved Budget Expenses and Market Center Production Goals in a form satisfactory to Company (the "Annual Business Plan"). If Franchisee fails to meet its production goals or fails to submit the required Annual Business Plans, in addition to any other remedy Company may have under this Agreement, Company may require the Operating Principal, Team Leader, Market Center Administrator, Franchisee's Principals or other employees to repeat all or a portion of the Franchise Systems Orientation or such alternative training as Company may require pursuant to Section 6.01(h).

(5) Franchisee's Principals, Operating Principals, Team Leaders, and Market Center Administrators shall attend and complete to Company's satisfaction such additional courses, seminars, conferences, and other training or coaching programs, including, refresher courses, as Company may require from time to time and as stated in the Brand Standards Manuals or as otherwise stated by Company in writing. Members of the Franchisee's Group may also attend such optional courses, seminars, conferences and training or coaching programs as Company may offer from time to time. Franchisee shall pay Company a reasonable fee for each course, seminar, conference, or other training program, which shall generally represent the then-current cost to Company of providing such training, including the administrative cost to Company of providing instructors.

(6) Franchisee or its employees shall be responsible for all other expenses incurred by them in connection with any training programs, including the costs of transportation, lodging, meals, and wages.

(7) Franchisee shall train its Associates in accordance with the procedures set forth in the Brand Standards Manuals or as otherwise stated by Company in writing. Such training shall familiarize both newly-licensed and experienced Associates with general requirements concerning the sale of real estate and Company's recommended methods and techniques.

(i) Franchisee shall obtain from Company and install each component of the software system that Company from time to time designates as the MC Operating Software. Franchisee shall use the MC Operating Software in accordance with the instructions, formats and procedures prescribed by Company in the Brand Standards Manuals or otherwise in writing. Franchisee shall install the MC Operating Software in its computer no later than 30 days after the Effective Date, unless Company consents otherwise in writing. Franchisee shall permit Company or its designee access to Franchisee's computer system at all reasonable times and otherwise cooperate with

Company in the installation and maintenance of the MC Operating Software. Concurrently with the execution of this Agreement, Franchisee shall execute the Software License attached as Attachment D and shall comply at all times with the terms and conditions of the Software License.

(j) Prior to the Opening Date, at its sole expense, Franchisee shall obtain and maintain computer hardware and software meeting Company's standards and specifications for the operation of the Market Center as set forth in the Brand Standards Manuals or as otherwise required by the Company. Such hardware and software shall include, but not be limited to:

(1) Hardware and software necessary to communicate with Company's systems. Franchisee shall pay to Company its reasonable then-current initial connection and monthly support fees to establish and maintain access to the systems. Franchisee shall pay the initial connection fee on execution of this Agreement and shall pay the monthly support fee concurrently with the other monthly payments due. Franchisee shall follow all rules, regulations, and protocol that Company establishes for communication and shall be responsible for all claims, costs or injury resulting from Franchisee's communications or use of the internet. Any such claims shall be covered by the indemnification provisions of Section 19.02.

(2) Franchisee shall obtain from an approved supplier back-up software and pay the approved supplier directly.

(k) Franchisee shall establish and maintain a Depository Account at a bank that is a participating member of the Automated Clearinghouse or such other network or system as may be specified or approved by Company. Franchisee shall execute and deliver to Company and the bank the authorization agreement attached as Attachment C to this Agreement or any other form the bank requires to authorize the bank to honor requests from Company to transfer funds electronically from the Depository Account to Company for the purpose of paying Production Royalties, Profit Sharing Contributions, and all other fees, costs or reimbursements set forth in this Agreement. Franchisee shall reimburse Company for all costs incurred by Company in collecting or attempting to collect funds due Company from the Depository Account, including reasonable attorney fees, charges for insufficient funds, uncollected items or other discrepancies in deposits or maintenance of the Depository Account balance, and Company may collect such reimbursable amounts though electronic transfer or such other available means as directed by Company. The Depository Account shall be established and maintained solely for the purposes set forth in this Section 6.01(k).

(l) Franchisee shall provide Company with full access rights to Franchisee's real estate listings data. Company's full access rights to Franchisee's real estate listings data shall remain in effect at all times throughout the Term of this Agreement.

(m) Franchisee shall use the Approved Location solely for the operation of the Market Center and other services approved by Company in writing and shall maintain at least the minimum business hours and days of operation as well as the physical standards as Company may specify in the Brand Standards Manuals from time to time.

(n) Franchisee agrees to maintain competent, conscientious, trained employees and Associates and shall take such steps as are necessary to ensure that such individuals preserve good customer relations. Franchisee agrees to cause each of its Associates to enter into a form of independent contractor agreement with Franchisee. Company may provide its then-current sample form of independent contractor agreement and/or mandatory or suggested terms and conditions in

the Brand Standards Manuals, but Franchisee is solely responsible for the form it selects, including if Franchisee elects to start with Company's sample form, and for adapting any such form for use in Franchisee's jurisdiction, including for compliance with applicable laws, rules, and regulations in Franchisee's jurisdiction. Franchisee additionally agrees to take all necessary action to ensure that its employees and Associates conduct their activities in accordance with the requirements of the System and with all applicable laws, rules. and regulations.

(o) Franchisee shall operate the Market Center in strict compliance with the methods, standards and specifications that Company from time to time prescribes in the Brand Standards Manuals or as otherwise stated by Company in writing. To that end, Franchisee agrees:

(1) To sell or offer for sale all types of products and services specified by Company and provide such products and services in the manner and style prescribed by Company; and to discontinue selling and offering for sale any products or services that Company may, in its sole discretion, disapprove in writing at any time.

(2) To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment, including computer hardware and software, signs and such other items as Company may reasonably direct from time to time in the Brand Standards Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Market Center premises, without Company's prior written consent, any fixtures, furnishings, equipment, including computer hardware and software, decor, signs or other items not previously approved as meeting Company's standards and specifications. Franchisee shall obtain all approvals as to selection and design required by Company prior to purchasing, leasing or installing such fixtures, furnishings or equipment.

(p) Franchisee shall, unless otherwise authorized by Company, obtain all proprietary supplies, materials, equipment and other products used or offered for sale at or from the Market Center from suppliers who demonstrate, to Company's continuing reasonable satisfaction, the ability to meet Company's then-current standards and specifications for such items and who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably. Company shall have the right to require that its representatives be permitted to inspect the prospective supplier's facilities, and that product samples from the supplier be delivered to Company. A charge not to exceed the reasonable cost of the inspection shall be paid by Franchisee or the supplier. Company reserves the right, at its option, to re-inspect the facilities and products from time to time of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Company's then-current criteria. Nothing in the foregoing shall be construed to require Company to approve any particular supplier.

(q) Franchisee shall require all advertising and promotional materials, websites, signs, decorations, paper goods (including all forms and stationery used in the operation of the Market Center) and other promotional items (including electronic marketing) that may be designated by Company to bear the Trademarks in the form, color, location and manner prescribed by Company in the Brand Standards Manuals or otherwise in writing, while maintaining compliance with all applicable state and local laws and applicable regulatory trade associations and governing boards.

(r) Franchisee shall maintain the Market Center in first class condition and shall, at its expense, make such repairs and replacements as may be required for that purpose. In that regard,

Franchisee shall conduct periodic repainting, replacement of obsolete signs, furnishings, and equipment and décor as Company may reasonably direct.

(s) Upon Company's reasonable request, Franchisee shall make all improvements and alterations that Company may determine to be necessary for the Market Center to conform with the System image as it may be prescribed by Company at that time. Franchisee shall, at its expense, undertake and complete such improvements and alterations within the reasonable times specified by Company. Franchisee acknowledges Company's right to make changes in the System image as Company reasonably deems appropriate.

(t) Franchisee shall allow Company and its representatives to enter upon the Market Center premises at any time for the purpose of conducting inspections, shall cooperate with Company's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Company or its representatives and without limiting Company's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee fail to correct such deficiencies within a reasonable time as determined by Company, Company shall have the right and authority without, however, any obligation, to correct such deficiencies and to charge Franchisee a reasonable fee for Company's expenses associated with the correction, payable by Franchisee immediately upon demand.

(u) Franchisee shall participate at all times in the Profit Sharing Plan and the Associate Leadership Council and shall comply with all obligations and requirements of Market Center Franchisees relating to the Profit Sharing Plan and the Associate Leadership Council that are set forth in Article 12 of this Agreement and in the Brand Standards Manuals.

(v) Upon execution of this Agreement and during the Term, Franchisee shall execute such forms and documents as Company deems necessary to appoint Company its true and lawful agent and attorney-in-fact for the purpose of: (i) assigning to Company all rights to the telephone numbers of, or any advertising relating to, the Market Center and any directory listings, other business listings and advertising, including internet domain names, URLs and websites relating to the Market Center or referring to Keller Williams or any Trademarks, upon termination, cancellation, expiration or transfer of this Agreement; and (ii) obtaining all returns and reports filed by Franchisee with any state and/or federal taxing authority that Franchisee does not furnish to Company upon request. A copy of the current Domain Name Agreement is attached as Attachment G.

(w) If Company shall require, in each month following a month in which the Market Center achieves at least $90,000 in Gross Commissions, Franchisee shall contribute an amount between $100 and $150, as determined by Company, to a research and development program approved by Company. Franchisee shall report to Company the results of such research and development program within 30 days after the program is implemented in a format approved by Company. Franchisee may combine its research and development contributions with those of other Market Center Franchisees with the written approval of Company.

(x) Upon request by Company, Franchisee must produce a complete list of Franchisee's Principals and any other information related to ownership of Franchisee to provide Company with complete transparency of Franchisee's ownership at all times. Failure to comply with

Company's request for ownership transparency not only will be considered a breach of Company's business philosophy, culture and values, but will also be a material default under this Agreement.

(y) Franchisee and each Franchisee's Principal represents and warrants to Company that no member of the Franchisee's Group is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at **www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx**). Further, Franchisee and each Franchisee's Principal represents and warrants that no member of the Franchisee's Group has violated, will violate, or will cause the members of the Franchisee's Group to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at **http://www.epic.org/privacy/terrorism/hr3162.html**), USA Executive Order 13224 (text currently available at **https://www.state.gov/executive-order-13224/**), or any similar law. The foregoing are continuing representations and warranties, and Franchisee and each Franchisee's Principal shall immediately notify Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

(z) Notwithstanding Sections 6.01(e) to 6.01(h) hereof, Franchisee bears sole liability for the hiring, firing and personnel decisions, and the terms and conditions of employment, for the Operating Principal, Team Leader, Market Center Administrator and other Market Center personnel and staff. Company and Franchisee acknowledge and agree that Company does not control or regulate the manner and means in which Franchisee conducts the day-to-day operations of the Market Center, and shall have no right or authority to, control the employees of the franchised Market Center or Franchisee's employees. Company shall have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of employees of the franchised Market Center or of Franchisee. Franchisee acknowledges and agrees that all employees of the franchised Market Center and of Franchisee shall be the exclusive employees of Franchisee and shall not be employees of Company nor joint employees of Franchisee Company. Company neither dictates nor controls labor or employment matters for Franchisees and their employees and Company is not responsible for the safety and security of Market Center employees or customers.

(aa) All Client Information that Company obtains from Franchisee and/or that Company, Franchisee or any of Franchisee's Associates collects from the Market Center or Associate Clients and all revenues Company derives from such Client Information will be Company's property and Company's confidential information that Company may use for any reason without compensation to Franchisee or its Associates, including making a financial performance representation in Company's franchise disclosure documents. For and in consideration of the grant of the franchise in this Agreement, Franchisee assigns, and will be deemed to have assigned, all rights in Client Information to Company. Franchisee will provide copies of all Client Information to Company upon request. At Franchisee's sole risk and responsibility, Company grants Franchisee the right to use such Client Information that Franchisee acquires from its Clients and its Associates' Clients and other third parties solely in connection with operating the Market Center during the Term of this Agreement, to the extent that Franchisee's use is permitted by applicable law; provided that unless otherwise stated by Company in the Brand Standards Manual, Company will permit the Market Center's Associates to retain and use Client Information for its own Clients at such Associate's sole risk and responsibility both during and after their association with the Market

Center and/or the Term of this Agreement. Upon expiration of the Term of this Agreement, all of Franchisee's copies of Client Information must be returned to Company and removed from Franchisee's MC Operating System unless otherwise permitted in the Brand Standards Manual or required by applicable law; subject to the Market Center Associate's rights related to Client Information for their own Clients in accordance with this Agreement and the Brand Standards Manuals.

(bb) Franchisee will take all necessary actions to independently: (i) learn and comply with all applicable Privacy Laws; (ii) learn and comply with the Brand Standards Manuals as they relate to Privacy Laws and the privacy and security of Client Information; (iii) learn and comply with any posted privacy policy and other representations made to the individual identified by Client Information that Franchisee processes, and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (iv) refrain from any action or inaction that could cause Company or its Affiliates to breach any Privacy Laws; (v) maintain, and cause adherence by Franchisee's Group and Franchisee's Associates to, all reasonable physical, technical and administrative safeguards and related policies for Client Information that is in Franchisee's possession or control in order to protect such Client Information from unauthorized processing, destruction, modification, or use that would violate this Agreement, the Brand Standards Manual (which may include a non-exhaustive list of the minimum types of policies that must be implemented) or any Privacy Law; (vi) do and execute, or arrange to be done and executed, each act, document and thing Company deems necessary in its business judgment to keep Company and its Affiliates in compliance with the Privacy Laws; and (vii) immediately report to Company the breach of any requirements in this Agreement or the Brand Standards Manual regarding Client Information or any Privacy Law, or the theft or loss (or any apparent or alleged theft of loss) of Client Information (other than the Client Information of Franchisee's own officers, directors, shareholders, employees or service providers). Franchisee will, upon request, provide Company with information, reports, and the results of any audits performed regarding Franchisee's data security policies, security procedures, or security technical controls related to Client Information. Franchisee will, upon Company's request, provide Company or its representatives with access to Franchisee's MC Operating Systems, records, processes, and practices that involve processing of Client Information in order to mitigate a security incident or so that an audit may be conducted. Franchisee will indemnify, defend and hold Company and its Affiliates, Regional Representatives, and their respective officers, directors, shareholders, members, managers, partners, employees, servants, independent contractors, attorneys, representatives, agents and associates harmless in connection with any claim or action arising out of or relating to: (i) any theft, loss or misuse (including any apparently or alleged theft, loss or misuse) of Client Information; and (ii) Franchisee's breach of any of the terms, conditions or obligations relating to data security, Privacy Laws or Client Information set forth in this Agreement. Franchisee will immediately notify Company upon discovering or otherwise learning of any theft, loss or misuse of Client Information. Franchisee will, at Company's direction, but at Franchisee's sole expense, (i) undertake remediation efforts on its own in concert with Company's directions, (ii) reasonably cooperate with any remediation efforts undertaken by Company and (iii) undertake efforts to prevent the recurrence of the same type of incident, including by paying for any remediation and post-breach monitoring process deemed appropriate by Company. Franchisee will not make any public comment regarding and data security incident without Company's approval. Any notifications to the media or to Clients regarding theft or loss of Client Information will be handled exclusively by Company at Company's election and neither Franchisee nor its Associates may contact Clients relating to such theft or loss unless Franchisee or is Associates are under a legal obligation to do so, in which case (i) Franchisee

must notify Company in writing promptly after concluding that Franchisee or its Associate has the legal obligation to notify any Clients and (ii) Franchisee and its Associates will limit the notices to Clients to those required by the legal obligation or as pre-approved by Company. Franchisee will reasonably cooperate in connection with any notices to Clients regarding theft or loss and Franchisee will assist with sending such notices upon request by Company.

7.
TRADEMARKS AND COPYRIGHTED MATERIAL

7.01 Trademarks.

(a) Company grants Franchisee a license to use the Trademarks during the Term of this Agreement in accordance with the System and the related standards and specifications, as prescribed by the Company in writing from time to time.

(b) Franchisee agrees that:

(1) Franchisee shall use only the Trademarks designated by Company and shall use them only in the manner prescribed by Company in the Brand Standards Manuals or as otherwise stated by Company in writing.

(2) Franchisee shall use the Trademarks only for the operation of the Market Center at the Approved Location, and in advertising and promoting the business conducted at or from the Market Center.

(3) Franchisee agrees that at all times and in all advertising, promotions, other display materials, on its letterheads, business forms, and at the Market Center it shall identify the Market Center under a DBA Name (d/b/a or tradename), that is approved by Company, together with the words "EACH OFFICE IS INDEPENDENTLY OWNED AND OPERATED" prominently displayed or such similar designation as shall be prescribed by Company. Franchisee shall comply with Company's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by Company or its counsel to obtain protection for the Trademarks or to maintain their continued validity and enforceability.

(4) Franchisee's right to use the Trademarks is limited to uses that are expressly authorized under this Agreement, and any unauthorized use shall constitute an infringement of Company's rights.

(5) Franchisee shall not use the Trademarks to incur any obligation or indebtedness on behalf of Company or Franchisee.

(6) Franchisee shall not use the Company's trademarks as part of its legal Business Entity name or the name of any sub-entity, domain names, online postings, blogs, or social media accounts without Company's express prior written consent. Company shall condition such consent upon Franchisee's execution of such powers of attorney, assignments, domain name agreements or other documents Company deems necessary to protect the Trademarks. Franchisee shall take all reasonable efforts to ensure that its Associates comply with these Trademark

requirements. Company consents to Franchisee using the domain name identified in the Information Summary during the Term of this Agreement.

(7) Franchisee acknowledges and agrees that neither Franchisee nor Company has or will grant to anyone employed by Franchisee or affiliated with Franchisee, including its Associates, any direct or indirect right or license to the Trademarks but, rather, that their use of the Trademarks comes under and is subject to the limited trademark license granted under this Agreement.

(c) Franchisee expressly understands and acknowledges that:

(1) As between Company and Franchisee, Company is the owner of all right, title and interest in and to the Trademarks and the goodwill associated with and symbolized by them.

(2) The Trademarks are valid and serve to identify the System and those who are authorized to operate under the System.

(3) Franchisee's use of the Trademarks pursuant to this Agreement does not give Franchisee any ownership interest or any other interest in or to the Trademarks, except the limited trademark license granted by this Agreement.

(4) As between Company and Franchisee, all goodwill arising from Franchisee's use of the Trademarks shall inure exclusively to Company's benefit, and upon termination, cancellation, expiration or transfer of this Agreement, no value shall be assigned to Franchisee's business as attributable to any goodwill associated with Franchisee's use of the System or the Trademarks.

(5) Franchisee shall use best efforts and take all appropriate actions deemed necessary by Company at Company's request to cause Franchisee's Associates to cease or to refrain from any infringement or unapproved use of the Trademarks.

(d) Franchisee shall not directly or indirectly contest the validity or Company's ownership of or right to use the Trademarks.

(e) Subject to this Section 7.01, the right and license of the Trademarks granted hereunder to Franchisee is non-exclusive, and Company retains the rights, among others:

(1) To use the Trademarks themselves in connection with selling products and services, including, without limitation, real estate products and services;

(2) To grant other licenses for the Trademarks, in addition to those licenses already granted to existing Franchisees;

(3) To develop and establish other systems using the same or similar Trademarks, or other proprietary marks, and to grant licenses or franchises thereto without obligation to Franchisee; and

(4) To engage, directly or indirectly, through its employees, representatives, Franchisees, assigns, agents, and others, at wholesale, retail, or otherwise, in (1) the production, distribution, license, and sale of products and services, including, without limitation, real estate products and services, and (2) the use in connection with such production, distribution, license and sale, of the Trademarks and any and all other trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs, and other identifying characteristics as may be developed or used from time to time by Company.

(f) Company reserves the right to substitute different Trademarks for use in identifying the System and the business operating thereunder if Company's currently owned or used Trademarks no longer can be used, or if Company, in its discretion, determines that substitution of different Trademarks shall be beneficial to the System. In such event, Company may require Franchisee, at Franchisee's sole expense, and within the time period designated by Company to discontinue or modify Franchisee's use of any of the Trademarks or to use one or more additional or substitute Trade Dress, trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin.

7.02 Copyrighted Material.

(a) Franchisee shall not modify, copy, distribute or otherwise disseminate any of the Copyrighted Materials in violation of the restrictions and limitations imposed by this Agreement. Franchisee shall observe all requirements for affixing copyright notices to any materials as Company may require and shall use other appropriate notices of ownership, registration and copyright required by Company. Franchisee may not incorporate the Copyrighted Materials into any materials it creates without the prior express written consent of Company.

(b) Company may require Franchisee to enter into a KW Prep Addendum to access to additional materials, such as instructional documents and videos, intended to support current agents and potential agents in their personal and professional development or a Real Estate School Participation Addendum to this Agreement to participate in Company's program through which a third-party educational company offers individuals interested in becoming licensed real estate agents and actively licensed real estate agents the opportunity to obtain certain resources to study for their real estate agent exam or receive continuing education training.

7.03 Infringement.

Franchisee shall immediately notify Company of any infringement of the Trademarks or any Copyrighted Material or challenge to its use of any of the Trademarks or claim by any Person of any rights in any of the Trademarks or the Copyrighted Material. No member of the Franchisee's Group shall communicate with any Person other than Company and Company's counsel in connection with any such infringement, challenge, or claim. Company shall have discretion to take such action as it deems appropriate and the right to exclusively control any litigation and any Patent and Trademark Office or Copyright Office proceeding or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Trademarks or the Copyrighted Material. Franchisee agrees to execute all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Company or Company's counsel, be necessary or advisable to protect and maintain Company's interests in any such litigation or proceeding or

otherwise to protect and maintain Company's interest in the Trademarks and the Copyrighted Material.

8.
CONFIDENTIAL INFORMATION

8.01 Confidential Brand Standards Manuals.

(a) In order to protect the reputation and goodwill of Company and to maintain high standards of operation under the Trademarks, Franchisee shall conduct its business in accordance with the Brand Standards Manuals or as otherwise stated by Company in writing.

(b) The Franchisee's Group shall at all times treat the contents of the Brand Standards Manuals as confidential and shall use all reasonable efforts to maintain such information as such. The Franchisee's Group shall not at any time copy, duplicate, publish electronically, record or otherwise reproduce the Brand Standards Manuals, in whole or in part, nor otherwise make available to any unauthorized Person.

(c) The Brand Standards Manuals shall at all times remain the sole property of Company. Hard copies of the then-current Brand Standards Manuals shall at all times be kept in a secure place on the Market Center premises (if applicable); and electronic versions of the Brand Standards Manuals shall be safeguarded with appropriate electronic and physical protections as generally available or as otherwise stated by Company in writing.

(d) Company may from time to time revise, supplement or replace the Brand Standards Manuals, directly and independently or in consultation with the International Associate Leadership Council, and Franchisee expressly agrees to comply with each new or changed standard. Company may distribute the Brand Standards Manuals to its Franchisees in hardcopy or electronic form.

(e) Franchisee shall at all times ensure that its copy of the Brand Standards Manuals is kept current, and Franchisee acknowledges that Company shall have no obligation to notify Franchisee of each and every update or modification to the Brand Standards Manuals. In the event of a dispute as to the contents of the Brand Standards Manuals, the contents of the master copy of the Brand Standards Manuals maintained by Company shall control.

(f) Company reserves the right to impose a reasonable fee, which Franchisee must promptly pay, for any upgrade or modification to the Brand Standards Manuals or any replacement set of Brand Standards Manuals or specific Manual requested by Franchisee.

(g) The Brand Standards Manuals shall supplement and are incorporated by reference into this Agreement and shall form a part of the agreement between Franchisee and Company.

(h) The System does not include any personnel policies or procedures or security-related policies or procedures that Company (at its option) may make available to Franchisee in the Brand Standards Manuals or otherwise for Franchisee's optional use. Franchisee will determine to what extent, if any, personnel or security-related policies and procedures might apply to operations at the Market Center.

8.02 Confidential Information.

(a) No member of the Franchisee's Group shall communicate, divulge or use for the benefit of any other Person any confidential information, knowledge or know-how concerning the methods of operation of a Market Center or the System. Franchisee and each Franchisee's Principal shall divulge such confidential information only to such members of the Franchisee's Group and Associates as must have access to it to conduct the business of the Market Center. All information, knowledge, know-how and techniques used in or related to the System that Company communicates to members of the Franchisee's Group in writing or otherwise including, but not limited to, the MC Operating Software, the Brand Standards Manuals, its training concepts, materials and techniques, the structure and operation of the Associate Leadership Councils and the Profit Sharing Plan and such other information Company designates as confidential, shall be deemed confidential for purposes of this Agreement. No member of the Franchisee's Group shall copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make them available to any unauthorized Person. The covenants in this Section 8.02 shall be perpetually binding upon the members of the Franchisee's Group, and shall survive the termination, cancellation, expiration or transfer of this Agreement.

(b) Franchisee shall require its Operating Principal, Team Leader, Market Center Administrator, Franchisee's Principals and any other member of the Franchisee's Group who has received or shall have access to any confidential information of Company (and who have not executed the Agreement and Guaranty of Controlling Principals or Undertaking of Franchisee's Principals) to execute covenants stating that they shall maintain the confidentiality of information that they receive in connection with their relationship with Franchisee beyond the termination, cancellation, expiration or transfer of this Agreement. Such covenants shall be substantially in the form of Attachment E. Furthermore, all of Franchisee's Associates shall enter into an agreement with Franchisee that includes a covenant that requires the Associates to maintain the confidentiality of the lists of customers or Associates and any other similar confidential information that such Associates receive in connection with their relationship with Franchisee. Franchisee shall promptly notify Company of any breach or anticipated breach of a confidentiality covenant. Franchisee shall indemnify, defend and hold Company, its Regional Representatives and/or Affiliates harmless for any breach of these covenants by such individuals.

(c) If any member of the Franchisee's Group develops any new concept, process, literature, or improvement in the operation or promotion of the Market Center based on information provided to them by Company or otherwise developed for use in the System, Franchisee agrees to promptly notify Company and provide Company with all necessary information concerning same, without compensation. Franchisee and each Franchisee's Principal acknowledges on their behalf and on behalf of each member of the Franchisee's Group that any such concept, process, literature, or improvement shall become the property of Company and Company may utilize or disclose such information to other Franchisees as it determines to be appropriate. Franchisee and each Franchisee's Principal each hereby agree to execute and deliver all such instruments and documents as Company may request to evidence the assignment and Company's ownership of the innovation or improvement. If Franchisee, any Controlling Principal or any Franchisee's Principal has any rights to any such new concept, process, literature, or improvement that cannot be assigned to Company, Franchisee and each Franchisee's Principal each unconditionally and irrevocably waives the enforcement of such rights, and if such rights cannot be waived, Franchisee and each Franchisee's Principal each hereby grant to Company an exclusive, irrevocable, perpetual,

worldwide, fully paid and royalty-free license, with rights of sublicense to make, use, sell, reproduce, create derivative works of, distribute, publicly distribute, publicly perform, publicly display, and transmit such rights by all means now known or later developed. Franchisee and each Franchisee's Principal shall each further assist Company, at Company's expense, to further evidence, record and perfect the assignments made herein, and to perfect, obtain, maintain, enforce, and defend any rights assigned. Franchisee and each Franchisee's Principal each hereby irrevocably designate and appoint Company as their agents and attorneys-in-fact to act for and on their behalf to execute and file any document and to do all other lawfully permitted acts to further the foregoing with the same legal force and effect as if executed by Franchisee and each Franchisee's Principal. However, if any member of the Franchisee's Group develops any new concept, process, or improvement in the development, operation, or promotion of Market Centers independently, not based on or related to any information provided to them by Company or otherwise developed for use in the System, such concept, process, or improvement shall remain the property of Franchisee or such related party, but Company shall have a royalty-free license to use and to allow other participants in the System to use such concept, process or improvement throughout the remaining Term of this Agreement.

(d) Franchisee and each Franchisee's Principal acknowledge on their behalf and on behalf of each member of the Franchisee's Group that any failure to comply with the requirements of this Section 8.02 shall constitute a material event of default under Section 15.03(i) and shall cause Company irreparable injury for which no adequate remedy at law may be available. Franchisee and each Franchisee's Principal accordingly consent on their behalf and on behalf of each member of the Franchisee's Group to the issuance of an injunction prohibiting any conduct by any member of the Franchisee's Group in violation of this Section 8.02. Franchisee and each Franchisee's Principal agree to pay all expenses (including court costs and reasonable attorney fees) incurred by Company in enforcing this Section 8.02 (including obtaining specific performance, injunctive relief, or any other equitable or other remedy available to Company for any violation of the requirements of this Section 8.02).

9.
INTERNET USAGE

9.01 <u>Internet Usage</u>.

(a) Except as set forth in this Section 9.01, Franchisee and any Franchisee's Principal shall have no authority to, and shall not, display or use any of the Trademarks in connection with any advertisement, listing or transaction on the internet except as part of the approved DBA Name specified in the Information Summary. Franchisee agrees that the domain names www.kellerwilliams.com, www.kellerwilliamsrealty.com, www.kw.com, and www.kwworldwide.com are Company's sole property. Franchisee's use of the Trademarks on the internet shall be governed by the provisions of Article 7 and Section 11.02 that govern the use of the Trademarks in advertising and by this Section 9.01(a) through (f). Franchisee shall use best efforts and take all appropriate actions deemed necessary by Company to cause Franchisee's Associates to cease or to refrain from any improper or unapproved usage of the internet.

(b) Franchisee must obtain Company's prior written approval of any domain name, blog, URLs, or social media account name that Franchisee or any of Franchisee's Associates proposes to use. At Company's option, the domain name, URL, or social media account shall be registered in

Company's name and licensed by Company to Franchisee during the Term of this Agreement. The form, content and appearance of Franchisee's or any Associate's website shall comply with the standards stated in the Brand Standards Manuals and shall be approved by Company in writing before Franchisee or its Associates posts the website on the internet.

(c) Franchisee (or Franchisee's Associate) shall install a hypertext link to Company's website in the form Company requires. Any change to or modification of Franchisee's or any Associate's website as they relate to Company's standards and specifications must have Company's prior written approval (which shall not be unreasonably withheld).

(d) Franchisee (or Franchisee's Associate) must obtain independent legal advice concerning the content of Franchisee's or any Associate's website and ensure at all times that it complies with all relevant legal requirements. Company is not responsible for any content contained on Franchisee's or any of Franchisee's Associates websites that violates state, federal or local laws and regulations, fails to provide appropriate disclaimers or notices, or that contains misrepresentations or inaccurate information, and Franchisee will indemnify Company with respect to any such websites.

(e) Franchisee agrees that electronic commerce remains a rapidly developing field and that the provisions of this Section 9.01(a) through (f) may need to be modified in the future or that guidelines on use of the internet may be introduced in the Brand Standards Manuals or otherwise by Company in writing. In the event that Company makes such modifications or issues such guidelines, Franchisee agrees that they shall be legally binding on Franchisee (or Franchisee's Associate) to the extent permitted by applicable law.

(f) On termination, cancellation, expiration or transfer of this Agreement, any license of a domain name to Franchisee (or Franchisee's Associate) shall automatically terminate, and Franchisee shall undertake all actions that Company requires to disassociate Franchisee (or Franchisee's Associate) from the website and the domain name.

10.
ACCOUNTING AND RECORDS

10.01 Accounting and Records.

(a) Franchisee shall maintain during the Term of this Agreement and shall preserve for at least seven years from the termination, cancellation, expiration or transfer of the franchise, full, complete and accurate books, records and accounts relating to the operation of the Market Center and copies of all federal and state sales and excise tax returns for the Market Center. Franchisee shall retain all listing agreements, sales contracts, closing disclosures, green sheets (formerly blue sheets), purchase orders, payroll records, bank statements, sales tax records and returns, cash receipts and disbursement statements, journals and ledgers in the form and manner prescribed by Company from time to time in the Brand Standards Manuals or otherwise in writing.

(b) Company or its designee shall have the unfettered right at any time and for any reason to request, receive, copy, inspect and audit, at Company's expense, the books, records, and tax returns of Franchisee. Company shall also have the right, at any time and for any reason, to have an independent audit made of the books and records of Franchisee. If an inspection reveals that any payments have been understated in any report to Company, then Franchisee shall immediately pay

to Company the amount understated upon demand, in addition to interest from the date such amount was due until paid at the highest lawful rate permitted by applicable Texas and federal law, except as otherwise provided herein with respect to Profit Sharing Contributions. If an inspection discloses an understatement in any report of 2% or more in any 12-month period, or if Franchisee's financial records require a substantial restatement (as determined in the sole judgment of Company) to be readily reviewed or audited, Franchisee shall, in addition, reimburse Company for all costs and expenses connected with the inspection (including transportation, meals, lodging, wages, expenses and reasonable accounting and legal costs). If an inspection reveals that Franchisee has overstated amounts due to Company and Franchisee has made an overpayment of fees to Company, the amount of overpayment, without interest, shall be credited toward Franchisee's future fees or payment on future invoices. If at any time Franchisee is required to furnish any Franchisee's Principal, lender, lessor, government agency or other Person audited financial statements with respect to Franchisee or the Market Center, Franchisee shall concurrently furnish Company with a copy of such audited financial statements.

(c) Franchisee agrees that Company shall have the right, at any time and for any reason, to use any financial report or statement, or any information derived therefrom, relating to the Market Center or the services Franchisee and its Affiliates provide.

(d) Franchisee shall promptly create, prepare, execute and submit to Company, for review or auditing, such other forms, graphs, reports, records, information and data as Company may reasonably designate, in the form and at the times and places reasonably required by Company. Franchisee shall furnish Company a copy of all such documents without cost to Company.

(e) Franchisee shall Transmit to Company the following statements and reports on the initial Transmittal Date and subsequently not later than the dates indicated in this Section (or as otherwise requested by Company):

(1) A monthly statement of Gross Revenues and Production Royalty, which Franchisee shall prepare and Transmit not later than midnight Central time on the 3rd Business Day of each month with respect to the Market Center's results for the preceding month;

(2) A monthly statement setting forth Franchisee's Profit Sharing Contribution, calculated as set forth in Section 12.01, which Franchisee shall prepare and Transmit not later than midnight Central time on the 3rd Business Day of each month with respect to the Market Center's results for the preceding month;

(3) A monthly balance sheet and fiscal year-to-date profit and loss statement for the Market Center, which Franchisee shall prepare and Transmit not later than midnight Central time on the 3rd Business Day of each month with respect to the Market Center's condition and operating results for the period ending the last day of the preceding month;

(4) A monthly production report for all of Franchisee's Associates, which Franchisee shall prepare and Transmit not later than midnight Central time on the 3rd Business Day of each month with respect to the Associates' production for the preceding month;

(5) A monthly report setting forth Franchisee's contributions to any Cooperative described in Section 11.01(b), which Franchisee shall prepare and Transmit not later than midnight

Central time on the 3rd Business Day of each month with respect to Franchisee's contributions for the preceding month; and

(f) Franchisee authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which Franchisee does business to disclose to Company any requested financial information in their possession relating to Franchisee or the Market Center. Franchisee authorizes Company to disclose data from Franchisee's reports, if Company determines, in its discretion, that such disclosure is necessary, advisable or useful to promote Company's or Franchisee's business and the System, which disclosure may include disclosure to prospective or existing Franchisees or other third parties.

11.
ADVERTISING

11.01 Advertising.

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

(a) Franchisee shall be obligated to spend or contribute the following sums in the manner provided below:

(1) If Company requests, Franchisee shall pay Company or its designee up to $1,000 per calendar year for the development of literature, public relations programs, marketing and advertising materials and activities for the benefit of the System. However, Franchisee shall not be required to pay more than $250 for any specific project, unless Franchisee otherwise agrees.

(2) If Company requests, Franchisee shall pay the cost of a website for the Market Center.

(b) Company shall have the right (subject to consultation with the Regional Associate Leadership Council for the region in which the Market Center is located) to designate any geographic area (*e.g.,* a designated marketing area (DMA) or an area of dominant influence (ADI)) as a region for purposes of establishing a regional advertising cooperative ("Cooperative"). A Cooperative may be composed of two or more Market Centers and shall consist of all Market Centers in the area. If a Cooperative has been established for the area in which the Market Center is located at the time Franchisee commences business, or if a Cooperative applicable to Franchisee's Market Center is established at any later time during the Term of this Agreement, Franchisee shall immediately execute such documentation as required by Company and become a contributing member of the Cooperative.

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

(A) Each Cooperative shall be organized for the purposes of, and all payments pursuant to Section 11.01(b)(1)(D) and any earnings thereon shall be used exclusively to meet the costs of maintaining, directing and preparing advertising or promotional activities, including the cost of preparing and conducting electronic, online, television, radio, or print advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys and other

public relations activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to Market Centers in the region.

(B) Each Cooperative shall be Company's designee for maintaining and administering advertising and promotional programs in its region. Franchisee shall submit to the Cooperative and to Company such statements and reports as may be required by Company or the Cooperative. All contributions to the Cooperative shall be collected, administered and disbursed solely in accordance with the documentation governing the Cooperative and for the purposes outlined above.

(C) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior written approval of Company. All such plans and materials shall be submitted to Company in accordance with Section 11.02(a).

(D) Franchisee shall make contributions to the Cooperative at the rate or in the amount specified in the related Cooperative Advertising Agreement, payable not later than the 7th Business Day of each month, for the preceding month. However, subject to the restriction in Section 11.01(c)(1), Franchisee shall not be required to pay a Cooperative contribution of more than ½% of Franchisee's Gross Commission Income for the preceding month unless otherwise agreed by the members of the Cooperative and subject to Company's approval. Franchisee shall submit to the Cooperative and to Company such statements and reports as may be required by Company or by the Cooperative with Company's approval. Franchisee's obligation to provide such statements or reports shall be subject to Article 10.

(2) Company, in its discretion, may grant an exemption to any Franchisee for any length of time from the requirement of membership in a Cooperative, upon written request of such Franchisee stating reasons supporting such exemption. Company may require as a condition of granting such exemption that the Franchisee expend on local advertising, in a manner approved in advance by Company, and supported by such proof of expenditures as Company may require, at least the amount that the Franchisee would have contributed to a Cooperative. Company's decision concerning such request for exemption shall be final.

(c) Company reserves the right to establish and administer an International Advertising Fund (the "Fund") in coordination with the International Associate Leadership Council for the advertising and promotion of the Trademarks and Market Centers as a group as follows:

(1) Franchisee shall, not later than the 7th Business Day of each month contribute to the Fund an amount up to ½% of Franchisee's Gross Commission Income for the preceding month. Franchisee shall allocate its contributions as Company may designate between the Fund and any Cooperative designated for Franchisee's region. However, Franchisee shall not be obligated to expend or contribute more than ½% of Franchisee's monthly Gross Commission Income to the Fund and Cooperative, combined.

(2) Franchisee shall make contributions to the Fund as required under Section 11.01(c)(1), and further agrees that the Fund shall be maintained and administered by Company or its designee, as follows:

(A) Company shall oversee all advertising and promotional programs with discretion to approve or disapprove the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Trademarks for the benefit of the System.

(B) The Fund, all contributions thereto, and any earnings thereon shall be used exclusively by Company to meet any and all costs of maintaining, administering, directing and preparing advertising and promotional activities including, among other things, the cost of preparing and conducting electronic, online, television, radio, or print advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys, and other public relations activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to the market centers operated under the System. In administering the Fund, Company and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to its contribution or to ensure that any particular Franchisee benefits directly or *pro rata* from the placement of advertising. Company shall contribute to the Fund on the same basis as Franchisee with respect to any Company-operated market centers.

(C) Except as may be otherwise provided in Section 6.01(k), Franchisee shall contribute to the Fund by electronic fund transfer or in such other manner as directed by Company. All sums paid by Franchisee to the Fund shall be maintained in an account separate from the other monies of Company and shall not be used to defray any of Company's expenses, except for such reasonable administrative costs and overhead as Company may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for Franchisees and the System as set forth in Section 11.01(c)(2)(B).

(D) The Fund shall not be an asset of Company or its designee. The Fund and its earnings shall not otherwise inure to the benefit of Company. The Fund is operated solely as a conduit for the collection and expenditure of the advertising fees for the purposes outlined above. Company or its designee shall maintain separate bookkeeping accounts for the Fund. A statement of the operations of the Fund as shown on the books of Company or its designee shall be prepared annually by Company and shall be made available to Franchisee upon Franchisee's request.

(E) Although the Fund is intended to be of perpetual duration, Company maintains the right to terminate the Fund. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising or promotional purposes.

(d) Franchisee's obligations to the Cooperative and the Fund shall be in addition to and not in lieu of, except as expressly provided above in Section 11.01(b)(1)(D) and (c)(1), any obligations of Franchisee described in Sections 11.01(a)(1) and (2).

11.02 <u>Advertising Approval and Procedures</u>.

(a) All advertising, marketing and promotion to be used by Franchisee shall be of such media and of such type and format as Company may approve, shall be conducted in a dignified manner and shall conform to the standards and requirements of Company as set forth in the Brand Standards Manuals or otherwise in writing. Franchisee shall obtain Company's prior written approval of all advertising and promotional plans and materials that Franchisee desires to use that either do not meet the standards and specifications set forth in the Brand Standards Manuals or that have not been designed or previously approved by Company. Franchisee shall submit such unapproved plans and materials to Company, and Company shall approve or disapprove such plans and materials within 14 days from the date of their receipt by Company. Franchisee shall use no such plans or materials until they have been approved by Company and shall promptly discontinue use of any advertising or promotional plans or materials upon notice from Company. In all cases, Company has sole discretion and control over any profiles using or relating to the Trademarks, or

that display the Trademarks, that are maintained on social media outlets. Company may (but need not) establish guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on social media. In such event, Franchisee shall comply with the standards, protocols and restrictions that Company imposes from time to time on such use, and Company shall have the right to revoke any prior permissions as it deems appropriate due to any violations thereof. Company may use part of the Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. Company may, but need not, establish guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on such social media outlets. In that event, Franchisee shall comply with the standards, protocols and restrictions that Company imposes from time to time on such use.

(b) Company shall from time to time develop and administer advertising and company promotion programs designed to promote, inform and enhance the collective success of all Market Centers. Franchisee shall have the right to participate actively in all such advertising and promotion programs, but only in accordance with such terms and conditions as may be established for each such program. The standards and specifications established by Company shall be final and binding upon Franchisee in all aspects of such advertising and promotion programs.

(c) Franchisee shall have the right to sell its products and offer services at any price it may determine and shall in no way be bound by any price that may be recommended or suggested by Company.

12.
PROFIT SHARING PLAN

12.01 Profit Sharing Contribution.

The method of determining Franchisee's Profit Sharing Contribution is described in the Profit Sharing Contribution Calculation set forth in Attachment F to this Agreement. The Monthly Profit amount and the Profit Sharing Contribution percentage in Attachment F are subject to change during the Term by a vote of the International Associate Leadership Council. Franchisee shall calculate and pay the appropriate percentage of monthly profit as the Market Center's Profit Sharing Contribution and shall submit a monthly report to Company with the Profit Sharing Contribution setting forth the Profit Sharing Contribution calculation for such month as described in Section 10.01(e).

12.02 Sponsor Distribution.

Company administers the Profit Sharing Account and uses the Profit Sharing Account each month to pay Sponsor Distribution Percentages to recruiting Sponsors of producing Associates in profitable Market Centers. The method of determining Sponsor Distribution Percentages, the standards for determining a Sponsor's eligibility and vesting rights to share in Sponsor Distribution Percentages, and the procedures for resolving questions and disputes regarding sponsorships and Associate downline structures are described in the Brand Standards Manuals.

12.03 Profit Sharing Plan Procedures.

(a) Company shall have no responsibility or liability to any Person arising out of or in connection with the administration of the Profit Sharing Account other than (1) determining the

Sponsor Distribution Percentages earned by recruiting Sponsors based on the standards stated in the Brand Standards Manuals and relying upon data furnished to it by Franchisee and other Franchisees operating under the System, (2) distributing such Sponsor Distribution Percentages, to the extent that funds are available in the Profit Sharing Account, to recruiting Sponsors on or before the 21st day following the close of the month or as soon thereafter as is practicable following receipt of all Franchisee data for the month, and (3) providing to Franchisee and other Franchisees monthly reports of Profit Sharing Contributions received and Sponsor Distribution Percentages paid in a form designated and approved by Company, within a reasonable period of time. Funds held in the Profit Sharing Account are general assets of Company and subject to claims of its creditors.

(b) In the event that Franchisee fails to pay its Profit Sharing Contribution for any month to Company not later than the 7th Business Day of the following month (a "Delinquent Franchisee"), Company shall assess a Late Payment Fee, payable to the Profit Sharing Account, against each Delinquent Franchisee of $500 for each day that it fails to pay its Profit Sharing Contribution. Sponsor Distribution Percentages for recruiting Sponsors attributable to the Monthly Profit of a Delinquent Franchisee, when paid, the Delinquent Franchisees' Profit Sharing Contribution may be added to all other Profit Sharing Contributions for purposes of calculating Sponsor Distribution Percentages for the applicable month in which it is received (or the preceding month, if the Delinquent Franchisees' Profit Sharing Contribution is received within seven days following the last day of a month) and the Gross Commissions to which such Delinquent Franchisee's late Profit Sharing Contribution relates shall be included in such later month's Gross Commissions for purposes of calculating Sponsor Distribution Percentages.

(c) In its administration of the Profit Sharing Account, Company, at the direction of the International Associate Leadership Council, shall have the authority and discretion to adopt guidelines and policies to determine Profit Sharing Contributions, Sponsor Distribution Percentages, and to make adjustments and set-offs as necessary to correct any errors or to reflect adjustments necessary in the case of a Delinquent Franchisee. Franchisee agrees to take any actions reasonably necessary to assist Company in order to correct any overpayment of a Profit Sharing Distribution made to a Sponsor who is an Associate of Franchisee, including deducting the amount of such overpayment from subsequent Associate Commissions earned by such Sponsor and paying Company the amounts so deducted.

(d) Following the monthly Sponsor Distribution Percentages distribution, Company shall determine whether any funds remain on hand in the Profit Sharing Account arising from earnings on the Profit Sharing Account, fees paid by any Delinquent Franchisee, or arising under the Sponsor Distribution Percentages calculation. If any funds remain on hand, Company shall retain such funds in an interest-bearing account until the International Associate Leadership Council shall direct the use of such funds pursuant to procedures set forth in the Brand Standards Manuals.

13.
INSURANCE

13.01 <u>Insurance</u>.

(a) Before the Opening Date, Franchisee shall obtain and continuously carry during the Term of this Agreement insurance of the types (including worker's compensation and various special liability coverage), in the amounts and with the coverage specified in the Information Summary and as may be designated or modified from time to time in the Brand Standards Manuals and in any lease

for the Market Center. Each policy must (1) be primary and non-contributory; (2) be issued by an admitted insurance company(ies) with a rating of not less than "AVII" in the current Best Insurance Guide or approved by Company; (3) name Company, Representatives and such Affiliates of Company as Company may designate as "additional insureds" and shall contain an "Additional Insured-Designated Person or Organization" endorsement (or equivalent), except for workers' compensation insurance only, without any qualifying language; (4) provide that the insurance cannot be canceled or non-renewed, except upon 30 days advance written notice to Company; (5) contain a waiver of subrogation rights of the insurer(s) in favor of Company and its designated Affiliates, which waiver shall be effective regardless of whether any loss is caused by the act, omission or negligence of Company and its designated Affiliates, and (6) shall contain a "Waiver of Transfer Rights of Recovery Against Others" endorsement (or its equivalent).

(b) Franchisee shall furnish Company certificates of insurance, all insurance policy endorsements and a copy of the insurance policies, both prior to the opening of Franchisee's Market Center and thereafter as requested by Company (but in no event less than once per calendar year). Renewal insurance certificates of insurance shall be delivered to Company 30 days prior to the expiration date of each insurance policy. All deductible amounts on all insurance policies required hereunder shall be disclosed in writing to and approved in advance by Company and noted on the applicable insurance certificate. If Franchisee fails to maintain the required insurance, Company may, but shall not be obligated to, obtain coverage on Franchisee's behalf and charge the cost to Franchisee. Franchisee agrees to reimburse Company for the premium costs it incurs to provide such coverage, plus interest at the lower of 10% per annum or the maximum amount permitted by applicable law, within 10 days after Company submits a statement for its costs.

(c) Franchisee may, with the prior written consent of Company, elect to have reasonable deductibles in connection with the coverage required under Section 13.01(b).

(d) Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by Company, nor shall Franchisee's performance of that obligation relieve it of liability including costs of Company's defense under the indemnity provisions set forth in Section 19.02. Each of the foregoing policies shall contain a contractual coverage endorsement specifically insuring the performance of Franchisee of the indemnity provisions set forth in Section 19.02.

14.
TRANSFER OF INTEREST

14.01 Transfer by Company.

Company in its sole discretion shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations hereunder to any Person at any time without Franchisee's consent. Specifically, and without limiting the foregoing, Company may sell its assets, the Trademarks or the System to a third party; may merge with or acquire other corporations or be acquired by a Person; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any such sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of the Trademarks or System against Company. If Company transfers or assigns its rights in this Agreement, such transfer or assignment shall constitute a novation as to Company

and Company shall be released from all further liability to Franchisee under this Agreement after the effective date of such transfer or assignment, and the transferee or assignee shall be liable to Franchisee as if it was the original party to this Agreement. Nothing contained in this Agreement shall require Company to remain in the business of franchising the operation of Market Centers or to offer any services or products, whether or not bearing the Trademarks, to Franchisee, if Company exercises its rights to assign its rights.

14.02 Transfer by Franchisee.

(a) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Company has granted this franchise in reliance on the business skill, financial capacity and personal character of Franchisee, and each Franchisee's Principal. Accordingly, neither Franchisee nor any successor to any part of Franchisee's interest in this franchise, nor any Person that directly or indirectly owns any interest in Franchisee shall transfer any direct or indirect interest in this Agreement, in the Market Center, or in Franchisee without Company's prior written consent. Any purported transfer, by operation of law or otherwise, not having the written consent of Company required by this Section 14.02 is void and of no effect and constitutes a material breach of this Agreement. For purposes of this Agreement, a "**transfer**" includes, whether voluntary or involuntary, directly or indirectly: an assignment, sale, gift or pledge; the grant of a mortgage, charge, lien or security interest (including the grant of a collateral assignment); any change of a trust's trustee, beneficiary or similar designations under applicable laws; a merger or consolidation, or issuance of additional ownership interests or redemption of ownership interests; a sale of voting interests or of securities convertible to voting interests, or an agreement granting the right to exercise, or control the exercise of, voting rights of any holder of an Ownership Interest; and a transfer that occurs as a result of divorce, insolvency, or entity dissolution or, upon death, by will, intestate succession or by declaration of, or transfer to, a trust.

Because Company places great value on developing business relationships with individual franchise owners and relies on the personal skills of those individuals, Company has permitted transfers only to individuals or entities closely owned by such individuals. Accordingly, it will not be deemed unreasonable for Company to withhold its consent to proposed transfers to institutions (whether held publicly or privately) or to individuals or entities offering products or services that directly or indirectly compete with the Company's products or services.

(b) Company may withhold its consent to a transfer of any direct or indirect interest in this Agreement or Franchisee in its discretion, and require any or all of the following conditions be met prior to Company approving a transfer:

(1) Franchisee and each Franchisee's Principal must have satisfied all monetary and legal obligations they owe to Company and its Affiliates and to any business creditors of each member of the Franchisee's Group, and must have timely met those obligations throughout the Term of this Agreement;

(2) Franchisee and Franchisee's Principal must cure all defaults under this Agreement or any other agreement between any member of the Franchisee's Group and Company or its Affiliates;

(3) Franchisee, each Franchisee's Principal, each transferor and/or each transferee must submit to Company for review and prior approval all proposed transfer documents, including any purchase and sales agreement to be executed in connection with the transfer;

(4) Franchisee, each Franchisee's Principal, each transferor and/or each transferee (as directed by Company) must execute a transfer agreement and consent that includes a general indemnification and release, in a form prescribed by Company, of all claims against Company and its Affiliates, Regional Representatives, and their respective officers, directors, shareholders, members, managers, partners, employees, independent contractors, attorneys, representatives, agents and associates, in their corporate and individual capacities, covering, without limitation, claims arising under this Agreement and any other agreement between any member of the Franchisee's Group, each transferor and each transferee and Company and its Affiliates and under federal, state and local laws, rules and ordinances, which indemnification and release shall be effective against all members of the Franchisee's Group, each transferor and each transferee regardless of whether such members of the Franchisee's Group or each such transferor and transferee have executed the indemnification and release and which indemnification and release shall cause Franchisee, each Franchisee's Principal each transferor and each transferee to indemnify Company and its Affiliates with respect to claims brought by any such members of the Franchisee's Group, each transferor and each transferee;

(5) Each transferee has demonstrated to Company's satisfaction that transferee meets Company's subjective and objective criteria for new franchisees , including, but not limited to, Company's educational, managerial and business standards; transferee's experience, education, licensing, good moral character; background and record of compliance with laws and regulations, business reputation, transferee's general aptitude and ability to conduct the business of the Market Center (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and transferee's geographical proximity to the Market Center;

(6) Franchisee and/or each proposed transferee must establish to Company's satisfaction that the terms, conditions and structure of the sale are substantially commensurate with the fair market value for the purchased assets or interests and allow for sufficient cash flow after payment of all ordinary and necessary business expenses, including payment due to Company under this Agreement, to satisfy debt service including without limitation any assumed or existing debt, to satisfy or account for existing or potential liabilities, training costs and transferee's profit expectations; provided that Company's granting of consent to any such transfer does not constitute any representations, warranties or guarantees by Company regarding the terms, conditions and structure of the sale. Company reserves the right to require Franchisee and/or the proposed transferee to provide an appraisal of the purchased assets or interests reflecting a purchase price commensurate with the fair market value for the purchased assets or interests and to reject any transfer based on the debt service or existing or potential liabilities to be paid or assumed by the proposed transferee;

(7) Franchisee, each Franchisee's Principal, and each transferee must execute for a term ending on the expiration date of this Agreement, the standard form Franchise Agreement then being offered to new Franchisees and such other ancillary agreements as Company may require for the Market Center; each transferee, the transferee's shareholders, members, managers, partners or other investors, shall execute such agreements as transferee's principals and shall guarantee the performance of all the transferee's obligations, contracts and agreements in writing in a form satisfactory to Company. Such agreements supersede this Agreement and its ancillary documents in all respects, except for surviving post-termination covenants and obligations, and the terms of such agreements may differ from the terms of this Agreement, including, without limitation, imposing higher Production Royalty and fees; provided, however, that the transferee will not be required to pay any Initial Franchise Fee in relation to the transfer;

(8) The transferee, at its expense, must upgrade the Market Center to conform to the then-current standards and specifications of Market Centers, and must complete the upgrading and other requirements within the time specified by Company;

(9) Each transferor must remain liable for all of the obligations to Company in connection with the Market Center incurred prior to the effective date of the transfer and shall execute all instruments reasonably requested by Company to evidence such liability;

(10) At their own expense, each transferee and the Market Center's Operating Principal, Team Leader, Market Center Administrator, new Franchisee's Principals and such other members of the Franchisee's Group designated in the Brand Standards Manuals or otherwise in writing must attend Franchise Systems Orientation and must complete any other training programs then required for System Franchisees upon such terms and conditions as Company may reasonably require;

(11) If Franchisee sells or otherwise transfers its interests in this Agreement to a new Franchisee entity, Franchisee shall provide evidence that the errors and omissions liability insurance policy or policies required to be maintained pursuant to Section 13 of this Agreement, and as further specified in the Information Summary, has been either: (i) extended for a period of two (2) years beyond the date Company approves the transfer through the purchase of "tail" coverage; or (ii) replaced with a policy or policies maintained by the new Franchisee entity that expressly covers claims brought in connection with the operation of the Market Center prior to the transfer. Such policy or policies must name Company and its designated affiliates as additional insureds.

(12) Franchisee or the new Franchisee entity must pay a transfer fee in an amount of $2,000 plus such amounts necessary to reimburse Company for its costs and expenses associated with reviewing the application for transfer and effecting the transfer, including legal and accounting fees; and

(13) Franchisee or the new Franchisee entity must provide to Company evidence satisfactory to Company that the terms of Section 6.01(b) of this Agreement have been satisfied and are true and correct on the date of transfer.

(c) Franchisee acknowledges and agrees that each condition that must be met by Franchisee, each Franchisee's Principal, each transferor and/or each transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder. If any member of the Franchisee's Group fails to meet any condition of transfer, or if any member of the Franchisee's Group misrepresents any statement to Company, Franchisee must correct all elements of non-compliance, including misrepresentations, before the transfer is completed (including correction of misrepresentations in time for Company to have a reasonable opportunity to consider and act on the corrected information). Franchisee acknowledges that any such corrections will not guarantee Company's approval of the proposed transfer. Company does not waive any of its rights regarding defaults by consenting to a transfer.

(d) Franchisee may grant a security interest in this Agreement to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of Franchisee's business and may not under any circumstances entitle or permit the secured party to take possession of or operate Franchisee's business or to transfer Franchisee's interest in the rights under this Agreement without Company's express prior written consent. The grant of a security interest in a manner consistent with this Section shall not be subject to the prohibition in Section 14.02(a).

14.03 Lost Profits

In the event of a termination of this Agreement, for any reason other than mutual consent of the parties, before the end of the Term, Franchisee shall immediately become obligated to pay Company lost profits ("**Lost Profits**") as liquidated damages for prematurely terminating the relationship. Lost Profits will consist of the monthly average of all amounts which Franchisee has paid under Section 5.02 and Section 5.03 from the Effective Date of this Agreement to the termination date multiplied by the number of months (or partial months) remaining in the Term. Lost Profits is due and will be considered late if not made within 30 days of the early termination date. Franchisee acknowledges and agrees that it would be impracticable or extremely difficult to calculate the actual amount of Lost Profits resulting from Franchisee termination of this Agreement and that, for this reason, Lost Profits is a reasonable estimate of presumed damages resulting from the early termination and not a penalty.

14.04 Waiver of Tortious Interference Claims.

Franchisee acknowledges that Company has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts and the proposed transfer with Franchisee. Franchisee also acknowledges that Company's contact with potential transferees for the purpose of protecting its business interests shall not constitute improper or unlawful conduct. Franchisee expressly authorizes Company to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically, operationally or other questionable transactions. Franchisee waives on behalf of each member of the Franchisee's Group any claim that action Company takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

14.05 Right of First Refusal.

(a) Any Person holding any interest, including interests acquired upon death or permanent disability, in this Agreement or in Franchisee who desires to accept any *bona fide* offer from a Person, including any Controlling Principal or Franchisee's Principal, to purchase such interest shall promptly notify Company in writing of each such offer, and shall provide such information and documentation relating to the offer as Company may require. Company shall have the right and option, exercisable within 90 days after receipt of such written notification and all information and documentation related to the offer that Company requires, to send written notice to the seller that Company intends to purchase the seller's interest on the same material terms and conditions offered by the proposed transferee, which may include non-cash consideration. In the event that Company elects to purchase the seller's interest, closing on such purchase must occur within 90 days from the date Company receives all information and documentation relating to the offer that Company deems necessary for its review of the offer. Any material change in the terms of any offer prior to closing constitutes a new offer subject to the same rights of first refusal by Company as in the case of an initial offer. The application of this Section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 14, with respect to a proposed transfer.

(b) If an offer from any Person provides for payment of consideration other than cash or involves certain intangible benefits, Company may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash or other non-cash consideration. If the parties cannot agree

within a reasonable time on the reasonable equivalent of the non-cash part of the consideration, an independent appraiser shall be designated by Company and approved by Franchisee, which approval shall not be unreasonably withheld, to determine such amount. The appraiser's determination shall be binding on all parties.

(c) If Company elects not to exercise its right of first refusal during the 90-day period after receipt of all information and documentation relating to the offer that Company requires, or any additional 90-day period as a result of a material change in the terms of the offer, then, provided that the conditions set forth in Section 14.02 are satisfied, the party proposing to transfer the interest may do so upon the terms and conditions set forth in the written notification at any time during the period beginning on the day after the end of the 90-day period in which Company may exercise its right of first refusal described in Section 14.04(a) and ending and additional 90 days thereafter. If the terms and conditions of the Person's offer are materially changed, or if such additional 90-day period shall have expired, then Company again shall have such right of first refusal with respect thereto and Franchisee again shall be required to comply with the procedure set forth in this Section 14.04.

14.06 <u>Transfer Upon Death, Incompetency, or Permanent Disability</u>.

(a) Upon the death of any individual with an interest in this Agreement or in Franchisee (the "Deceased"), the executor, administrator or other personal representative of the Deceased must transfer such interest to a third party approved by Company within 12 months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Company. If the distributee is not approved by Company, then the distributee shall transfer such interest to a third party approved by Company within 12 months after the death of the Deceased.

(b) Upon a determination of incompetency or permanent disability of any individual with an interest in this Agreement or in Franchisee, Company may, in its discretion, require such interest to be transferred to a third party approved by Company within 6 months after notice to Franchisee. "incompetency" or "permanent disability" mean any physical, emotional or mental injury, illness or incapacity that would prevent an individual from performing the obligations set forth in this Agreement for at least 90 consecutive days and from which condition recovery within 90 days from the date of determination of disability is unlikely. Incompetency and permanent disability must be determined by a licensed physician selected by Company; or if the individual refuses to submit to an examination, such individual will be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.05. The costs of any examination required by this Section 14.05(b) shall be paid by Company.

(c) Upon the death or claim of permanent disability of any individual with an interest in this Agreement or in Franchisee, Franchisee or a representative of Franchisee must promptly notify Company of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article 14 for any other transfer. If an interest is not transferred upon death or permanent disability as required in this Section 14.05, in accordance with the terms and conditions of this Article 14, Company may exercise its remedies, including its right to terminate this Agreement.

14.07 Non-Waiver of Claims.

Company's consent to a transfer of any direct or indirect interest in this Agreement and the Franchise shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Company's right to demand exact compliance with any of the terms of this Agreement by the transferee.

14.08 Offerings by Franchisee/Indemnification.

Equity interests in Franchisee may be offered by public or private offering only with Company's prior written consent, whether or not Company's consent is required under Section 14.02. Franchisee shall submit all offering materials required to be registered with any federal or state agency to Company for its review not less than 15 Business Days prior to their being filed with any government agency and shall submit any offering materials to be used in an exempt offering to Company for its review not less than 15 Business Days prior to the date Franchisee proposes to begin using them. Franchisee shall be responsible for engaging its own legal counsel for the preparation and issuance of any public or private offering in accordance with applicable law as well as any other corporate or securities related matters arising therefrom, and upon request shall provide to Company an opinion from Franchisee's counsel regarding the legality of such offering. Company's review of any offering memorandum or prospectus shall be limited to the description of the Franchisee's business, the relationship between Company and Franchisee and Franchisee's use of the Trademarks and the System, although Company may note and require that Franchisee address any deficiency in the offering memorandum or prospectus that Company and/or its legal counsel identify. Any approval by Company shall not constitute an endorsement or ratification of the offering or the prospectus, either express or implied. No offering memorandum or prospectus shall suggest or imply (by use of the Trademarks or otherwise) that Company is sponsoring, endorsing or otherwise participating in the offering, nor shall any offering be structured or conducted in a manner that, in Company's good faith business judgment, might result in the Keller Williams name being associated with a fraudulent offering. Franchisee's offering materials shall contain statements prescribed by Company disclaiming Company's association with the offering. **Franchisee and any other participants in the offering (including any members of the Franchisee's Group participating in the offering) shall fully indemnify defend and hold Company, its Affiliates, successors and assigns and their respective officers, directors, shareholders, members, managers, partners, attorneys, servants, independent contractors, associates, agents representatives or employees, harmless from any Losses or Expenses including costs and expenses for separate counsel of Company's choice (as defined in Section 19.02(e) below) that arise out of or are based upon any public or private offering in which Franchisee or any other participants in the offering engage, including for any securities law violations with which Company or its Affiliates may be held responsible as a result of any failure of Franchisee or any participants to provide legally adequate disclosure.** For each proposed offering, prior to Company beginning its review, Franchisee shall pay to Company in advance a non-refundable fee of $10,000, which shall be used in part to reimburse Company for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. Notwithstanding, following such review, Company may request additional reimbursement for any incurred costs in excess of the advance fee.

14.09 Ownership of Multiple Market Centers.

Franchisee acknowledges that Company does not allow any Franchisee or group of affiliated Franchisees to acquire the rights to operate more than one Market Center unless the acquirer satisfies Company's then current criteria for multiple Market Center ownership. Franchisee and each Franchisees' Principal expressly agrees not to acquire the business or assets of any existing Market Center without notifying Company in advance of the acquirer's intentions, complying with Company's standards for multiple Market Center ownership, and obtaining Company's prior written consent to the acquisition. Franchisee further acknowledges that Company reserves the right to limit the total number of Market Centers a Franchisee, Franchisee's Principal or group of affiliated Franchisees may own and that Company may require any Person that exceeds the limit to divest itself of the number of Market Centers in excess of the prescribed maximum number.

15. DEFAULT

15.01 General.

If any event or condition listed in this Article 15 (an "Event of Material Default") occurs, Franchisee shall be in material default under this Agreement, whether or not Company gives notice of the default. Franchisee acknowledges and agrees that if Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Company may at its discretion, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate the franchise and Franchisee's rights under this Agreement or compel Franchisee to sell the Market Center in accordance with Section 16.01. Company's failure to take prompt action with respect to a particular Event of Default shall not constitute a waiver of that or any subsequent Event of Default.

15.02 Notice and Opportunity to Cure.

Following are Events of Material Default that Franchisee (or another responsible Person) may cure by taking and completing appropriate remedial action within the time specified in relation to the Event of Default. Unless Franchisee (or another responsible Person) cures such an Event of Default before the end of the indicated remedial period, Company may terminate the franchise or take any of the other actions this Agreement permits.

(a) Following are Events of Material Default that Franchisee must cure within 14 calendar days after delivery of written notice by Company specifying the Event of Default:

(1) Franchisee fails to open the Market Center and begin business operations in compliance with the terms and provisions of this Agreement within 90 days after the Effective Date.

(2) Franchisee opens or allows to be opened an unauthorized office, including but not limited to a Business Center or Mega Agent Office.

(3) Franchisee and any Controlling Principle fail to pay when due any monies due to Company.

(4) Franchisee fails to submit monthly production goals and business plan as required under Section 6.01(h)(4).

(5) Franchisee revokes Company's authorization to deduct monies due to Company from Franchisee's bank account as Section 6.01(k) requires or closes the account to which

the authorization agreement applies without first having established another account and having signed and delivered to Company a new Electronic Debit Authorization Agreement in the form attached as Attachment C or another form acceptable to Company's bank in its discretion.

(6) Any member of the Franchisee's Group breaches any covenant or obligation set forth in Article 7, or otherwise makes any unauthorized use of a Trademark, Copyrighted Material or any other element of the System.

(7) Franchisee fails to obtain execution of the confidentiality covenants required under Section 8.02(b) or Section 17.02(i).

(8) Any member of the Franchisee's Group breaches any restriction or obligation related to internet usage set forth in Article 9 or any related terms of use agreement.

(9) Franchisee fails to submit when due, or requested by Company, any document or report pursuant to Section 10.01 or refuses to permit Company to examine, copy, or conduct an audit of Franchisee.

(10) Franchisee fails to comply with the Profit Sharing Plan obligations under Section 12.01.

(11) Franchisee fails to obtain or maintain the insurance coverage required by Article 13.

(12) Franchisee, any Controlling Principal, or any Franchisee's Principal fails or refuses to honor a request for indemnification under this Agreement.

(13) Any member of the Franchisee's Group breaches any of its obligations under any amendment or addendum executed (or required to be executed) in connection with this Agreement.

(14) Any member of Franchisee's Group fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in the Brand Standards Manuals.

(15) The license of the real estate broker under whose license the Market Center operates is suspended or revoked.

(16) Any member of Franchisee's Group's failure to comply with the dispute resolution procedures under this Agreement.

(b) Following are Events of Default that Franchisee must cure within 30 calendar days after delivery of written notice by Company specifying the Event of Default:

(1) Any member of the Franchisee's Group fails to fulfill any requirement, to perform any obligation, to observe any restriction, or makes a misrepresentation, or breaches a warranty or covenant set forth in Section 6.01, unless a different time to cure is provided in Article 15.

(2) The Operating Principal, the Team Leader, or the Market Center Administrator fail to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in Section 6.01, unless a different time to cure is provided in Article 15.

(3) Franchisee fails to pay when due any tax arising from the operation of the Market Center, or fails to timely obtain or maintain any permit, certificate, or license, required to operate the Market Center.

(4) Franchisee fails to fulfill any requirement or to perform any obligation set forth in Article 11.

(5) Any member of Franchisee's Group's failure to timely cure an Event of Default under another Keller Williams Franchise Agreement, Regional Representative Agreement, or any other agreement with Company or its Affiliates or Regional Representatives.

(6) Any Associate engaged in expansion activities and affiliated with the Franchisee signing this agreement (the home Market Center) fails to comply with the local standards, policies and guidelines of any other Keller Williams Franchisee (the new Market Center where the Associate is expanding).

(7) Any member of Franchisee's Group fails to comply with any other provision of this Agreement or the Brand Standards Manuals not expressly enumerated in Article 15.

(c) Following are Events of Material Default that Franchisee must cure within 60 calendar days after delivery of written notice by Company specifying the Event of Default:

(1) The lease for the Market Center expires or is terminated on account of Franchisee's default, and Franchisee fails to timely reopen the Market Center in another location approved by Company.

(2) Franchisee loses possession of the original Market Center premises on account of eminent domain proceedings, and Franchisee fails to initiate the relocation and site selection approval procedure in time to lease, build-out and open the new Market Center for business within 60 days after the original Market Center closes.

(d) Following is an Event of Material Default that Franchisee must cure within 150 calendar days after delivery of written notice from Company specifying the Event of Default:

(1) The lease for the Market Center terminates because of fire or other casualty and Franchisee fails to open a new Market Center for business in another location approved by Company.

15.03 Termination Without Opportunity to Cure.

Except as otherwise required by law, the following are Events of Material Default that are irreversible and cannot be cured and Company has the right to immediately terminate this Agreement upon delivery of written notice of termination.

(a) Company receives credible evidence, which it verifies to its reasonable satisfaction, that any member of the Franchisee's Group has sexually harassed or intimidated any individual; has intentionally engaged in racial, ethnic, religious, sexual or other offensive discrimination against any individual or group; has knowingly engaged in any other activity or business practice that Company reasonably considers detrimental to the reputation or public image of Company or its Affiliates or their owners, directors, officers or employees, the Keller Williams Realty name or the network of Market Centers; has acted in a manner that conflicts with Company's mission statement,

Company's business philosophy and culture or with Franchisees' best interests regardless of whether any member of the Franchisee's Group benefitted; or has knowingly engaged in conduct that is grossly unethical in relation to the culture and business values on which the System is founded, whether or not the behavior or conduct constitutes a violation of federal, state or local law.

(b) Franchisee forfeits the right to transact business in the jurisdiction where the Market Center is located.

(c) The Market Center ranks in the bottom 25% of all Market Centers in terms of Gross Market Center Income, Core Profit, or Profit Sharing Contributions for eight consecutive months or for 10 of any 12 consecutive months and has failed to timely complete to Company's satisfaction any performance enhancement program Company requires.

(d) Franchisee fails to meet the following minimum performance standards:

(i) During any three-month period, maintain the average monthly Gross Commission after the period indicated:

Opening Date + 6 months: in excess of $20,000

Opening Date + 13 months: in excess of $45,000

Opening Date + 25 months: in excess of $125,000;

(ii) During any six-month period, pay not less than the indicated average Production Royalty after the date indicated:

Opening Date + 13 months: $1,200 per month

Opening Date + 25 months: $2,400 per month

Opening Date + 37 months: $10,000 per month

(e) The Market Center fails to make Profit Sharing Contributions in four out of any five consecutive months after 36 months since its Opening Date.

(f) The Market Center does not have Monthly Profit in any 5 of the prior 12 months (on a rolling basis) and has a net loss over the prior 12-month period (on a rolling basis) and fails to timely complete to Company's satisfaction any performance enhancement program Company requires.

(g) On three or more occasions in any 12-month period, Franchisee fails to pay monies due to Company when due, or any member of the Franchisee's Group commits or allows to occur three or more Events of Defaults, whether or not the Events of Default are related types of defaults and whether or not they were cured.

(h) Any member of Franchisee's Group misrepresents any of the statements or breaches any covenant stated in Section 6.01(y) with respect to terrorist activities and money laundering.

(i) Any member of the Franchisee's Group breaches the confidentiality covenants or obligations in Article 8.

(j) On three or more occasions in any 12-month period, Franchisee fails to Transmit within five days of the deadlines stated in Section 10.01(e) any statement or report those sections require.

(k) Franchisee maintains false books or records or submits a materially false report to Company.

(l) Any member of the Franchisee's Group (i) sells, leases, conveys, gives away, pledges, mortgages, assigns, transfers, subfranchises, sublicences, encumbers or otherwise disposes voluntarily or involuntarily, directly or indirectly, of any interest in this Agreement or the Franchise in violation of Section 14.02; (ii) fails to offer Company the right of first refusal as required by Section 14.04; or (iii) makes a misrepresentation in any transfer request or document in support of a transfer request.

(m) A direct or indirect interest in the Franchise or in Franchisee is not timely transfer upon death, incapacity, or permanent disability as required under Section 14.06.

(n) Franchisee or any member of the Franchisee's Group sells the Market Center's assets, relocates the Market Center without Company's express prior written permission, Abandons the Market Center, or transfers possession of its premises.

(o) Any member of the Franchisee's Group breaches the non-competition covenants or obligations in Section 17.02.

(p) Franchisee or any member of Franchisee's Group fails to comply with Section 16.02 through Section 16.04.

(q) Any member of the Franchisee's Group fails to comply with Section 18.01(e).

(r) Franchisee or any Franchisee's Principal becomes insolvent, is unable to pay the monetary obligations of Franchisee or a Franchisee's Principal as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute.

(s) A receiver or trustee is appointed to manage Franchisee's or any Franchisee's Principal's assets, or a final judgment against Franchisee or any Franchisee's Principal for an amount in excess of $15,000 remains unsatisfied or of record for 30 days or longer (unless Franchisee or such Franchisee's Principal files a supersedeas bond before the end of the 30-day period).

(t) A suit to foreclose any security interest or other lien against any of the Market Center's assets is instituted and not dismissed within 30 days, or a sheriff, marshal or constable levies execution against any of the Market Center's assets to enforce a judgment obtained by any of Franchisee's creditors.

(u) Any member of the Franchisee's Group is convicted of, or pleads guilty or no contest to, a crime punishable by imprisonment for more than one year or that involves an offense that

Company reasonably believes is likely to have an adverse effect on the goodwill associated with the Keller Williams name or the network of Market Centers.

15.04 De-Identification Obligations.

(a) Upon termination, cancellation, expiration or transfer of the franchise, Franchisee's right and privilege to use the Trademarks, the trade secrets, the Copyrighted Materials and all components of the System and the Brand Standards Manuals shall absolutely and unconditionally cease. Franchisee shall immediately:

(1) discontinue use of the Trademarks, the Copyrighted Materials, the System, the Brand Standards Manuals and the Trade secrets;

(2) return to Company each of the Brand Standards Manuals and any other printed, graphic or audio/visual item designated by Company as containing Trade secrets;

(3) remove from the Market Center's premises all interior and exterior signs that depict any of the Trademarks;

(4) alter the Market Center's interior to remove all Trade Dress items and otherwise eliminate the distinctive features of the Market Center concept;

(5) cancel all trade, fictitious, or assumed names (a/k/a dba name) or equivalent registrations which contain any reference to any Keller Williams Mark; and

(6) assign and transfer all domain names that include the Keller Williams Marks (or any variation thereof) or any other service marks or trademarks of Company that Franchisee or any member of Franchisee's Group registered to Company or its designee or, if Company so directs, to deactivate and delete from the domain name registrar's records some or all of such domain names or take such actions regarding such domain name(s) as we may direct.

(b) Franchisee, at Company's option, shall assign to Company all rights to the telephone numbers assigned to the Market Center and any related classified directory listings and other business listings and advertising. Franchisee shall execute all forms and documents required by any telephone company or phone service provider to transfer such service and numbers to Company. Notwithstanding Section 6.01(v), Franchisee appoints Company its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. Such power of attorney shall survive the termination, cancellation, expiration or transfer of this Agreement. Franchisee shall thereafter use different telephone numbers at or in connection with any subsequent business conducted by Franchisee. Pursuant to the power of attorney, Company may revoke any call-forwarding or similar instructions Franchisee has given the telephone company or phone service provider. Company shall have no liability to Franchisee on account of or arising from any action Company authorizes or takes to effect the transfers contemplated by and in accordance with this Section 15.04(b). In addition, Company shall be entitled to injunctive or similar relief, without bond, against any member of the Franchisee's Group to enforce compliance with these requirements.

(c) If Franchisee does not comply with the requirements of Section 15.04(a) within 7 days after the franchise's termination, cancellation, expiration or transfer, Company may, at Franchisee's expense, enter the Market Center's premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items. Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect compliance

with Section 15.04(a), and Company shall have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance. In addition, Company shall be entitled to injunctive or similar relief, without bond, against any member of the Franchisee's Group to enforce compliance with these requirements.

(d) In addition to any other remedy provided in Section 15.04(c) or under applicable law, Franchisee agrees to pay the sum of $500 for each day that Franchisee fails to perform the obligations under Section 15.04(a), which amount shall be regarded as liquidated damages and not as a penalty. Nothing in this section affects the Company's ability to seek injunctive relief, specific performance, or other relief or limits or in any way affects Franchisee's, Franchisee Controlling Principal, or Franchisee's Principal's liability for trademark infringement, unfair competition, or breach of contract.

15.05 Effective Time of Termination.

Termination of the franchise and right to use the Marks and System in the operation of the Market Center is effective upon Company's delivery of written notice of termination to Franchisee. However, if (1) an Event of Default occurs and (2) before Company delivers notice of default and/or notice of termination, a voluntary or involuntary petition is filed under any chapter of the United States Bankruptcy Code by, on behalf of, or against Franchisee or any Franchisee's Principal, and (3) the Event of Default remains unremedied at the time the bankruptcy or reorganization petition is filed, no notice of default or termination shall be required. Instead, if Franchisee or any Franchisee's Principal files a voluntary petition for liquidation or reorganization under the United States Bankruptcy Code, termination shall automatically become effective the instant a petition is signed by or on behalf of Franchisee or any Franchisee's Principal. If an involuntary petition is filed, termination shall automatically become effective the instant the petition is submitted to the clerk of the Bankruptcy Court for filing.

16. ALTERNATIVE REMEDIES TO TERMINATION

16.01 Mandate to Sell.

In lieu of immediately terminating the franchise when Company has the right to do so under this Agreement, Company may order Franchisee to sell the Market Center and transfer Franchisee's rights under this Agreement to a purchaser designated by or acceptable to Company in its discretion. After Company orders Franchisee to sell the franchised business, Franchisee shall have no further right or opportunity to remedy a default or to reinstate Franchisee's right to continue operating the Market Center. Except for Company's right to approve a proposed purchaser's financial and business qualifications, to ensure that all Production Royalties, Profit Sharing Contributions and other amounts due Company are paid at the closing of the sale, and to require that the purchaser enter into a new Franchise Agreement with Company that supersedes this Agreement, Franchisee shall be entitled to establish and negotiate the terms of sale. If Franchisee does not negotiate definitive terms of sale with a qualified purchaser within 120 days after Franchisee receives Company's demand to sell or does not consummate the sale on terms Company approved within 45 days after negotiations are completed, Company may terminate the franchise without further notice.

16.02 Additional Rights and Remedies.

(a) In addition to the preceding rights and remedies, Company may recover all monies due to Company, with or without terminating the franchise. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Company's reasonable attorneys' fees and costs of collection, plus a reasonable charge for the staff and administrative time Company expends to enforce its claims.

(b) In addition to the preceding rights and remedies, Company may cancel the accounts of any member of the Franchisee's Group on the Company's intranet and e-mail systems and deny those individuals further access to communication via the intranet, with or without terminating the franchise.

(c) In addition to the preceding rights and remedies, Company may obtain injunctive relief, without bond, against any member of the Franchisee's Group restraining the unauthorized or violative use of any Trademark, any Copyrighted Material, any part of the System or any Trade secret, with or without terminating the franchise.

16.03 Option to Purchase.

In addition to the preceding rights and remedies, Company shall have an option (but no obligation) to purchase the Market Center's business and assets from Franchisee for 90 days after the franchise expires or is terminated. The purchase price shall equal the Market Center's fair market value as a going concern as determined by negotiations between Company and Franchisee. The purchase price shall be payable in cash (except that Company may, in its sole discretion, assume any note or lease covering signs, equipment or fixtures). Franchisee agrees to provide Company the information necessary to value the business and establish the purchase price, to sign and deliver to Company a bill of sale or an assignment of lease, and otherwise to cooperate with Company in its taking title to and delivery of the Market Center's assets. If Franchisee fails or refuses to comply with its obligations under this Section during the 90-day option period, Company's option shall be extended until 30 days after Franchisee complies. If the parties cannot agree on the purchase price and complete the transaction before the option period ends, Franchisee agrees to dispose of the Market Center's business and assets in accordance with the auction procedure set forth in Section 16.04, and to that end appoints Company as Franchisee's agent and attorney in fact to arrange and conduct the auction.

16.04 Auction to Qualified Buyer.

If Company elects to exercise its purchase option under Section 16.03 and the parties cannot agree on a purchase price, Franchisee agrees to dispose of the Market Center's business and assets by auction to a qualified buyer in accordance with the following procedure:

(a) Company shall assemble a package of materials that contains information and data that Company considers relevant to a determination of the Market Center's fair market value (the "Data Package") and shall submit the Data Package to Franchisee for review. Franchisee may furnish Company additional information that Franchisee considers relevant, and Company shall add the information to the final Data Package.

(b) Company shall prepare a list of Market Center Franchisees who satisfy Company's standards for multiple Market Center ownership (the "Invitation List") and shall send the Data Package to each Franchisee on the Invitation List, inviting the Franchisees to participate in a sealed-

bid auction for the Market Center. Company shall furnish Franchisee a copy of the Invitation List and the bidding instructions that Company distributes to the invitees.

(c) Company shall invite the Franchisees who receive the Data Package to prepare written offers for the Market Center that include the price the bidder is prepared to pay, the payment terms the bidder offers, and a proposed closing date (a "Bid"). Company shall instruct the bidders to submit their Bids in sealed envelopes to Company's President by a deadline stated in the instructions, which shall be approximately 30 days after Company delivers the Data Package.

(d) Company shall accumulate the sealed Bids and hold them unopened until the day after the deadline for Bid submissions. On that day the Company's President shall open the bids in the presence of at least two credible witnesses and shall immediately deliver by electronic or other means copies of the Bids to Franchisee. Franchisee may accept any of the Bids it prefers, but unconditionally agrees to accept one of them and to notify Company of its choice within three days after Franchisee receives the Bids. The closing of Franchisee's sale of the Market Center shall occur in accordance with the Bid that Franchisee accepts.

16.05 Actions in Lieu of Termination

If Franchisee has three Events of Material Default in any consecutive 12 month period that Franchisee fails to timely cure, Company may, in its sole discretion, in addition to exercising its option to terminate this Agreement, reduce the geographic scope of the Franchisee's Awarded Area.

16.06 Permission to Notify Associates of Pending Termination.

Franchisee acknowledges that the livelihoods and careers of Associates associated with the Market Center depend on the Associates' ability to affiliate with a licensed real estate broker and to have unrestricted access to their customers' buyer/seller profiles, listing agreements, purchase contracts and other transactional information. Franchisee therefore expressly agrees that, to avoid the disruption to the Associates' businesses that a termination of the Market Center or abandonment of the Franchise Agreement would create, Company shall have the right and authority to notify the Market Center's Associates of the Franchisee's failure to timely cure a default under this Agreement. Franchisee agrees that Company's contact with the Market Center's Associates for the purpose of alerting them of the closure of the Market Center shall not constitute improper or unlawful conduct. Franchisee expressly waives any claim that contact Company makes with the Market Center's Associates to notify them of a closure of the Market Center constitutes tortious interference with contractual or business relationships or any other similar claim.

17.
ADDITIONAL COVENANTS

17.01 Best Efforts.

Franchisee covenants that during the Term of this Agreement, Franchisee shall cause the Operating Principal, the Team Leader and the Market Center Administrator to devote their substantial energy and best efforts to the management and operation of Market Center.

17.02 Non-Competition.

(a) Franchisee and each Franchisee's Principal specifically acknowledge that, pursuant to this Agreement, they shall receive valuable specialized training, trade secrets and confidential information, including information regarding the operational, sales, promotional and marketing methods and techniques of Company and the System, which is beyond the present skills and experience of Franchisee's Principals. Franchisee and each Franchisee's Principal acknowledge that such training, trade secrets and confidential information provide a competitive advantage and shall be valuable to them in the development and operation of the Market Center, and that gaining access to such training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. Franchisee and each Franchisee's Principal specifically acknowledge that such training, trade secrets and confidential information is provided by Company for the benefit of the System, and each Market Center, and that the System and each Market Center individually and mutually benefits from all franchises complying with the covenants described below. In consideration for such training, trade secrets, confidential information and benefits, Franchisee and each Franchisee's Principal covenant as follows:

(1) During the Term of this Agreement, neither Franchisee nor any Franchisee's Principal or their respective immediate family members, spouses, significant others, life partners with whom they reside, parents, step-parents, in-laws, siblings, children and step-children, shall, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any member of the Franchisee's Group or any other Person:

(A) Divert or attempt to divert any business, customer or Associate of any Keller Williams market center, including any Business Center or Mega-Agent Office affiliated with any Keller Williams market center to any competitor of any Keller Williams market center or of Company, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company's Trademarks and the System;

(B) Own, maintain, develop, operate, engage in, or have any direct or indirect interest in any real estate brokerage business, or accept employment from, or consult with, any real estate brokerage business that competes with Company, Company's Affiliates or Franchisees, including any business that involves the offer, sale or operational support of businesses in the real estate brokerage business (whether as a franchisor, regional representative, area director, consultant, or other similar service provider capacity). Notwithstanding the foregoing, this Section 17.02(a)(1)(B) shall not apply to a business that exclusively offers one of the following services: coaching for real estate professionals, title, mortgage, property management, insurance, or real estate school; or

(C) Establish in the Awarded Area assigned to any other Keller Williams Franchisee's Market Center an office or any other physical presence whether or not identified by or associated with any of the Trademarks.

(2) For a continuous uninterrupted period commencing upon the earlier of: (i) the termination, cancellation, expiration or transfer of all Franchisee's interest in this Agreement or (ii) the time such Person ceases to satisfy the definition of a Franchisee's Principal, and continuing for two years thereafter, neither Franchisee nor any Franchisee's Principal shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any other Person:

(A) Divert or attempt to divert any business or customer of any Keller

Williams market center, including any Business Center or Mega-Agent Office affiliated with any Keller Williams market center to any competitor of any Keller Williams market center or of Company, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company's Trademarks and the System;

(B) Employ or engage or seek to employ or engage any individual who is at the time employed or engaged by Company or any Representative or Franchisee of Company, or employed by, retained, or engaged as an Associate of Company, in the United States, Canada, or anywhere else in the world, or otherwise directly or indirectly induce such an individual to leave his or her employment or to stop serving as an Associate for such party; or

(C) Own, maintain, operate, engage in, or have any interest in any real estate brokerage business that is located (i) in the Awarded Area; (ii) within 5 miles of the Awarded Area; or (iii) within a 10-mile radius of any other Market Center in existence or under construction as of the earlier of: (i) the termination, cancellation, expiration or transfer of Franchisee's interest in this Agreement; or (ii) the date the Controlling Principal or Franchisee's Principal ceases to satisfy the definition of Controlling Principal or Franchisee's Principal.

(b) In all cases, for purposes of calculating the duration of the 2-year period, any time during which Franchisee or Franchisee's Principals (as applicable) are in violation or breach of the covenant will be excluded such that a full 2-year period of compliance is required of Franchisee, Controlling Principals and/or Franchisee's Principals (as applicable).

(c) Franchisee and each Franchisee's Principal acknowledges and agrees that the duration, scope, and geographical area of the restrictions in Section 17.02(a) are reasonable.

(d) Section 17.02(a) shall not apply to ownership of less than 1% beneficial interest in the outstanding ownership securities of any Publicly-Held Corporation.

(e) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any portion of a covenant in this Section 17.02 is held unreasonable or unenforceable by a court or agency in an unappealed final decision to which Company is a party, Franchisee and each Franchisee's Principal expressly agree to be bound by (and to cause each member of the Franchisee's Group to be bound by) any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.02.

(f) Franchisee and each Franchisee's Principal understand and acknowledge that Company shall have the right, in its discretion, to reduce the scope of any covenant set forth in Section 17.02 without their consent, effective immediately upon notice to Franchisee, and Franchisee and each Franchisee's Principal agree that they shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.07.

(g) Franchisee and each Franchisee's Principal expressly agree that the existence of any claims that any member of the Franchisee's Group may have against Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Company of the covenants in this Section 17.02. Franchisee and each Franchisee's Principal agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Company in connection with the enforcement of this Section 17.02 against any member of the Franchisee's Group.

(h) Franchisee and each Franchisee's Principal acknowledge that a violation of the terms of this Section 17.02 would result in irreparable injury to Company for which no adequate remedy at

law may be available, and Franchisee and each Franchisee's Principal accordingly consent on their behalf and on behalf of the members of the Franchisee's Group to the filing of an action for declarative relief and the issuance of an injunction by any court of competent jurisdiction (without first having to resort to mediation, arbitration or any other dispute resolution process set forth in this Agreement) prohibiting any conduct by any member of the Franchisee's Group in violation of the terms of this Section 17.02. Franchisee and each Franchisee's Principal consent to personal jurisdiction in any state or federal court located in Travis County, Texas.

(i) At Company's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 17.02 (including covenants applicable upon termination of a Person's relationship with Franchisee) from all employees who have received or shall receive training or confidential information from Company. The covenants required by this Section 17.02(i) shall be substantially in the form contained in Attachment E.

(j) Failure by Franchisee to obtain execution of agreements containing the covenants required by this Section 17.02 shall constitute an Event of Default under Section 15.02(a)(7).

18.
TAXES, PERMITS AND INDEBTEDNESS

18.01 Taxes, Permits and Indebtedness.

(a) Franchisee shall promptly pay when due all taxes levied or assessed against the franchised business and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the franchised business. Franchisee shall pay to Company an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Company with respect to any payments to Company required under this Agreement, unless the tax is credited against income tax otherwise payable by Company.

(b) In the event of any *bona fide* dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Market Center premises.

(c) Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the franchised business, including real estate brokerage licenses, licenses to do business, fictitious name registrations, sales tax permits and fire clearances.

(d) Franchisee shall notify Company in writing as soon as practicable, but no longer than five days after the commencement of any claim, action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other government instrumentality, which may adversely affect the operation or financial condition of the franchised business.

(e) Franchisee must disclose in writing to Company a complete list of all sources of borrowing related to Franchisee or its operations in advance of such borrowing. Upon request by Company, Franchisee shall provide additional information on such borrowing and the sources of such borrowing to provide Company with complete transparency of the financing transaction and

any of its potential effects on Franchisee's business. Franchisee shall not extend, renew, refinance, modify or amend any debt or liability permitted by this paragraph, except with the prior written consent of Company, which consent may be granted or denied. Failure to comply with this provision, including Company's request for complete financing transparency, will be a material default under Section 15.03(q) this Agreement for which Company may exercise its purchase rights set forth in Section 16.03 regardless of any exercise timing limitations contained therein.

19.
GENERAL CONDITIONS AND PROVISIONS

19.01 Independent Contractor.

(a) The parties mutually agree that this Agreement does not create a fiduciary or other special relationship between them, that Franchisee is an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture partner, joint employer, partner, employee or servant of the other for any purpose.

(b) Throughout the term of the franchise, Franchisee shall hold itself out to the public as an independent contractor operating the Market Center pursuant to a franchise from Company. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place in the Market Center, the content of which Company reserves the right to specify.

(c) Company and Franchisee are not joint employers of Franchisee's employees, personnel, or people found to be Franchisee's employees. Company does not and will not share or codetermine any of Franchisee's employees' essential terms and conditions of employment. More specifically, in no case does Company have any authority to determine or set Franchisee's employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. Franchisee alone has sole authority to determine any or all Franchisee's employees' essential terms and conditions of employment.

19.02 Indemnification.

(a) **FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL INDEMNIFY AND AGREE TO DEFEND AND HOLD HARMLESS, INCLUDING FEES, COSTS AND EXPENSES FOR SEPARATE COUNSEL OF COMPANY'S CHOICE, TO THE FULLEST EXTENT PERMITTED BY LAW COMPANY, ITS AFFILIATES, SUCCESSORS, AND ASSIGNS AND THEIR RESPECTIVE DIRECTORS, OFFICERS, SHAREHOLDERS, MEMBERS, MANAGERS, PARTNERS, ATTORNEYS, SERVANTS, EMPLOYEES, ASSOCIATES, INDEPENDENT CONTRACTORS, AGENTS, REGIONAL REPRESENTATIVES, AND REPRESENTATIVES FROM ALL "LOSSES AND EXPENSES" (AS DEFINED IN SECTION 19.02(e)), INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, CLAIM, DEMAND, INVESTIGATION OR INQUIRY (FORMAL OR INFORMAL), OR ANY SETTLEMENT THEREOF (WHETHER OR NOT A FORMAL PROCEEDING OR ACTION HAS BEEN INSTITUTED), WHICH ARISES OUT OF OR IS BASED UPON ANY OF THE FOLLOWING:**

(1) **THE INFRINGEMENT, ALLEGED INFRINGEMENT, OR ANY OTHER VIOLATION OR ALLEGED VIOLATION BY ANY MEMBER OF THE FRANCHISEE'S GROUP OF ANY PATENT, MARK OR COPYRIGHT OR OTHER PROPRIETARY RIGHT OWNED OR CONTROLLED BY THIRD PARTIES (EXCEPT WITH RESPECT TO ANY RIGHTS IN THE TRADEMARKS OR COPYRIGHTED MATERIAL GRANTED HEREUNDER);**

(2) **THE VIOLATION, BREACH OR ASSERTED VIOLATION OR BREACH BY ANY MEMBER OF THE FRANCHISEE'S GROUP OF ANY FEDERAL, STATE OR LOCAL LAW, REGULATION, RULING, STANDARD OR DIRECTIVE OR ANY INDUSTRY STANDARD;**

(3) **LIBEL, SLANDER OR OTHER DEFAMATION OF COMPANY, ANY REGIONAL REPRESENTATIVE, ANY OTHER KELLER WILLIAMS FRANCHISEE, THE SYSTEM, OR ANY OTHER THIRD PARTY BY ANY MEMBER OF THE FRANCHISEE'S GROUP;**

(4) **THE VIOLATION OR BREACH BY ANY MEMBER OF THE FRANCHISEE'S GROUP OF ANY WARRANTY, REPRESENTATION, AGREEMENT OR OBLIGATION IN THIS AGREEMENT OR IN ANY OTHER AGREEMENT BETWEEN OR AMONG ANY MEMBER OF THE FRANCHISEE'S GROUP AND COMPANY OR ITS AFFILIATES; AND**

(5) **ACTS, ERRORS, OR OMISSIONS OF ANY MEMBER OF THE FRANCHISEE'S GROUP IN CONNECTION WITH THE ESTABLISHMENT AND OPERATION OF THE MARKET CENTER, THE PERFORMANCE OF REAL ESTATE SERVICES OR CONDUCT ALLEGED TO CREATE VICARIOUS OR JOINT OR SEVERAL LIABILITY FOR COMPANY, ITS AFFILIATES OR THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OR WITH THE PROVIDING OF ANY SERVICES ANCILLARY TO FRANCHISEE'S REAL ESTATE BUSINESS.**

(6) **A LAWSUIT OR ADMINISTRATIVE PROCEEDING BROUGHT BY FRANCHISEE, A CONTROLLING PRINCIPAL OR A FRANCHISEE'S PRINCIPAL AGAINST COMPANY IN WHICH THE FRANCHISEE, CONTROLLING PRINCIPAL OR FRANCHISEE'S PRINCIPAL DOES NOT PREVAIL.**

(7) **ANY ACTUAL OR ALLEGED CLAIM THAT COMPANY AND FRANCHISEE ARE JOINT EMPLOYERS OF ANY FRANCHISEE EMPLOYEE OR PERSONNEL.**

(b) **FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL AGREE TO GIVE COMPANY PROMPT NOTICE OF ANY SUCH ACTION, SUIT, PROCEEDING, CLAIM, DEMAND, INQUIRY OR INVESTIGATION. AT THE EXPENSE AND RISK OF FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL, COMPANY MAY ELECT TO ASSUME (BUT UNDER NO CIRCUMSTANCE IS OBLIGATED TO UNDERTAKE), AND ASSOCIATE COUNSEL OF ITS OWN CHOOSING WITH RESPECT TO, THE DEFENSE AND/OR SETTLEMENT OF ANY SUCH ACTION, SUIT, PROCEEDING, CLAIM, DEMAND, INQUIRY OR INVESTIGATION. SUCH AN UNDERTAKING BY COMPANY SHALL NOT DIMINISH IN ANY MANNER OR FORM THE OBLIGATION OF FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL TO INDEMNIFY COMPANY AND TO HOLD IT HARMLESS.**

(c) **IN ORDER TO PROTECT PERSONS OR PROPERTY, OR ITS REPUTATION OR GOODWILL, OR THE REPUTATION OR GOODWILL OF OTHERS, COMPANY MAY, AT ANY TIME AND WITHOUT NOTICE, AS IT, IN ITS JUDGMENT DEEMS APPROPRIATE, CONSENT OR AGREE TO SETTLEMENTS OR TAKE SUCH OTHER REMEDIAL OR CORRECTIVE ACTION AS IT DEEMS EXPEDIENT WITH RESPECT TO THE ACTION, SUIT, PROCEEDING, CLAIM, DEMAND, INQUIRY OR INVESTIGATION IF, IN COMPANY'S SOLE JUDGMENT, THERE ARE REASONABLE GROUNDS TO BELIEVE THAT:**

(I) ANY OF THE ACTS OR CIRCUMSTANCES ENUMERATED IN SECTION 19.02(a) HAVE OCCURRED; OR

(II) ANY ACT, ERROR, OR OMISSION AS DESCRIBED IN SECTION 19.02(a)(5) MAY RESULT DIRECTLY OR INDIRECTLY IN DAMAGE, INJURY, OR HARM TO ANY PERSON OR ANY PROPERTY.

(d) **ALL LOSSES AND EXPENSES INCURRED UNDER THIS SECTION 19.02 SHALL BE CHARGEABLE TO AND PAID BY FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL PURSUANT TO THEIR OBLIGATIONS OF INDEMNITY UNDER THIS SECTION 19.02, REGARDLESS OF ANY ACTIONS, ACTIVITY OR DEFENSE UNDERTAKEN BY COMPANY OR THE SUBSEQUENT SUCCESS OR FAILURE OF SUCH ACTIONS, ACTIVITY OR DEFENSE.**

(e) **THE PHRASE "LOSSES AND EXPENSES" MEANS AND INCLUDES, WITHOUT LIMITATION, ALL LOSSES, COMPENSATORY, EXEMPLARY OR PUNITIVE DAMAGES, FINES, CHARGES, COSTS, EXPENSES, LOST PROFITS, ATTORNEY'S FEES, COURT COSTS, SETTLEMENT AMOUNTS, AND JUDGMENTS.**

(f) **THE PERSONS INDEMNIFIED PURSUANT TO THIS SECTION 19.02 DO NOT ASSUME ANY LIABILITY WHATSOEVER FOR ACTS, ERRORS, OR OMISSIONS OF THOSE WITH WHOM ANY MEMBER OF THE FRANCHISEE'S GROUP MAY CONTRACT, REGARDLESS OF THE PURPOSE. FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL SHALL HOLD HARMLESS AND INDEMNIFY THE PERSONS INDEMNIFIED PURSUANT TO THIS SECTION 19.02 FOR ALL LOSSES AND EXPENSES THAT MAY ARISE OUT OF ANY ACTS, ERRORS OR OMISSIONS OF ANY MEMBER OF THE FRANCHISEE'S GROUP, AND ANY SUCH THIRD PARTIES WITHOUT LIMITATION AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF OR THE NEGLIGENCE OF COMPANY OR ANY OTHER PARTY OR PARTIES ARISING IN CONNECTION THEREWITH, AND WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.**

(g) **UNDER NO CIRCUMSTANCES SHALL THE PERSONS INDEMNIFIED PURSUANT TO THIS SECTION 19.02 BE REQUIRED OR OBLIGATED TO SEEK RECOVERY FROM THIRD PARTIES OR OTHERWISE MITIGATE THEIR LOSSES IN ORDER TO MAINTAIN A CLAIM AGAINST FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL. FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL AGREE THAT THE FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE LOSS SHALL IN NO WAY REDUCE THE AMOUNTS RECOVERABLE FROM FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL BY THE PERSONS INDEMNIFIED PURSUANT TO THIS SECTION 19.02. FRANCHISEE AND EACH FRANCHISEE'S PRINCIPAL AGREE THAT THE TERMS OF THIS SECTION 19.02 SHALL SURVIVE THE TERMINATION, CANCELLATION, EXPIRATION, OR TRANSFER OF THIS AGREEMENT OR ANY INTEREST IN FRANCHISEE.**

19.03 Approvals and Waivers.

(a) Whenever this Agreement requires the prior approval or consent of Company, Franchisee shall make a timely written request to Company therefor. To be effective, Company's approval or consent must be in writing.

(b) Company makes no warranties or guarantees, and assumes no liability or obligation to any member of the Franchisee's Group, by providing any waiver, approval, consent, or suggestion to any member of the Franchisee's Group in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

(c) No delay, waiver, omission or forbearance on the part of Company to exercise any right, option, duty or power arising out of any breach or default by any member of the Franchisee's Group under any of the terms, provisions, covenants or conditions hereof, shall constitute a waiver by Company to enforce any such right, option, duty or power as against any member of the Franchisee's Group, or as to any subsequent breach or default. Subsequent acceptance by Company of any payments due to it hereunder shall not be deemed to be a waiver by Company of any preceding breach by any member of the Franchisee's Group of any terms, provisions, covenants or conditions of this Agreement.

19.04 Notices.

All notices permitted or required to be delivered pursuant to the provisions of this Agreement shall be delivered in writing to the addresses listed on the Information Summary for Company and Franchisee (which shall apply for each member of the Franchisee's Group) or such other address as the parties shall specify by written notice, and shall be deemed so delivered: (a) at the time delivered by hand; (b) 1 day after transmission by email, provided that there is no error delivery message; (c) 2 days after being placed in the hands of a commercial courier service for expedited delivery, provided there is proof of receipt; or (d) 3 days after placement with FedEx or another express package delivery service company; and must be addressed to the party to be notified at the addresses as described above for Company and Franchisee, or such other address as the parties shall specify by written notice.

19.05 Entire Agreement.

This Agreement, any amendments, any addenda and any other attachments hereto, and the Brand Standards Manuals constitute the entire, full and complete agreement between Company and Franchisee concerning the subject matter hereof, and supersede all prior or contemporaneous agreements between the parties with respect to such subject matter; provided that nothing contained in this Agreement shall be deemed a waiver of Franchisee's reliance on any representations made by Company in the disclosure document provided to Franchisee and referenced in Section 21.01(a) below.

19.06 Exclusion of Third Party Beneficiaries.

Nothing in this Agreement is intended, nor shall be deemed, to confer upon any Person other than Franchisee, Company and Company's Affiliates, officers, directors, shareholders, members, managers, partners and employees any rights, benefits, claims or remedies under or by reason of this Agreement, including but not limited to any members of the Franchisee's Group other than Franchisee itself.

19.07 Amendment.

Except for those permitted to be made unilaterally by Company, no amendment, change, or variance from this Agreement shall be binding on any party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

19.08 Severability and Construction.

(a) Except as expressly provided to the contrary herein, each portion, section, part, term, and provision of this Agreement shall be considered severable. If, for any reason, any court or

government agency determines that any section, part, term, or provision herein is invalid and contrary to, or in conflict with, any existing or future law or regulation, such determination shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms, or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties. All invalid portions, sections, parts, terms and provisions shall be deemed not to be a part of this Agreement.

(b) Franchisee and each Franchisee's Principal, as applicable, expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

(c) All captions in this Agreement are intended solely for the convenience of all parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

(d) Any obligation of any member of the Franchisee's Group that contemplates performance after termination, cancellation, expiration or transfer of this Agreement or the interest of any Controlling Principal or Franchisee's Principal, shall be deemed to survive such termination, cancellation, expiration or transfer.

(e) All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable.

(f) Notwithstanding any contrary provisions contained in this Agreement, Company, Franchisee and each Franchisee's Principal acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Company the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; (b) Company shall use its business judgment in exercising such discretion based on Company's assessment of Company's own interests and balancing those interests against the interests, promotion and benefit of the System generally (including Company, and its Affiliates and other Franchisees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular representative or Franchisee (examples of items that shall promote or benefit the System generally include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Company shall have no liability to Franchisee, any Controlling Principal or any Franchisee's Principal for the exercise of its discretion in this manner and (d) even if Company has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Company's judgment so exercised and such action or decision shall not be subject to challenge for abuse of discretion. IF COMPANY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT COMPANY'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO

WHETHER OTHER REASONS FOR COMPANY'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

20.
GOVERNING LAW

20.01. **Choice of Law.**

(a) Except as otherwise provided in this Article 20, the Agreement and any dispute between or among Franchisee or any other member of Franchisee's Group, on the one hand, and Company, its Affiliates, Regional Representatives, Successors, or Assigns, on the other hand, and any of their respective directors, officers, shareholders, members, managers, partners, attorneys, servants, employees, associates, independent contractors, agents, and representatives, shall be governed by and interpreted and enforced in accordance with the internal laws of the State of Texas, excluding its conflicts of law principles. Notwithstanding the above, Franchisee and each Franchisee's Principal agree on their own behalf and on behalf of the members of the Franchisee's Group that the Texas Business Opportunity Act and any successor laws, rules or regulations thereto do not apply to the relationships and transactions contemplated by this Agreement.

(b) Company and Franchisee (including each Controlling Principal and each Franchisee's Principal on their own behalf and on behalf of each member of the Franchisee's Group) acknowledge that the parties' agreement regarding governing law and forum set forth in this Article 20 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of the parties' relationship. Franchisee, Company, each Controlling Principal and each Franchisee's Principal further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

(c) Company and Franchisee (including each Controlling Principal and each Franchisee's Principal on their own behalf and on behalf of each member of the Franchisee's Group) acknowledge that Company's acceptance of this Agreement occurred in Austin, Texas and further acknowledge that the performance of certain obligations of Franchisee and each Franchisee's Principal and Controlling Principal under this Agreement, including the payment of monies due hereunder and the satisfaction of certain training requirements of the Company, shall occur in Austin, Travis County, Texas.

20.02. **Waiver of Consumer Rights.**

Franchisee hereby represents and warrants as follows:

WAIVER OF CONSUMER RIGHTS

FRANCHISEE WAIVES ANY RIGHTS IT MAY HAVE UNDER THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ., TEXAS BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF REPRESENTATIVE'S OWN SELECTION, FRANCHISEE VOLUNTARILY CONSENTS TO THIS WAIVER.

21.
DISPUTE RESOLUTION

21.01 Mediation.

(a) The parties (together with the Controlling Principals and Franchisee's Principals on their individual behalf and on behalf of the Franchisee's Group) agree to use their best efforts to resolve and settle by direct, private negotiation any claim, controversy, or dispute that arises under or in relation to this Agreement or arises between or among Franchisee or any other member of Franchisee's Group, on the one hand, and Company, its Affiliates, Regional Representatives, Successors or Assigns, on the other hand, and any of their respective directors, officers, shareholders, members, managers, partners, attorneys, servants, employees, associates, independent contractors, agents, Regional Representatives, and representatives (a "**Dispute**"). Any party(ies) with a Dispute shall submit to the other party(ies) a written notice that a Dispute exists ("Notice of Dispute") to commence the direct, private negotiation. Except for Disputes outlined in Section 21.04, if the parties cannot resolve and settle a Dispute by private negotiation within 60 days after a party(ies) with a Dispute submit the Notice of Dispute to the other party(ies), the parties mutually agree to submit the Dispute to non-binding mediation, as follows:

(1) Mediation shall occur in Austin, Texas, before a single mediator, using the facilities and mediation rules of a professional dispute-resolution organization selected by the Company and reasonably acceptable to the Franchisee (the "Mediation Organization"). If the parties cannot agree on a Mediation Organization, they shall use the facilities and mediation rules of the National Franchise Mediation Program in effect at the time the parties submit the Dispute to mediation (https://drs.cpradr.org/rules).

(2) The parties shall jointly select a Texas-based mediator from the panel of mediators maintained by the Mediation Organization. The mediator must be either a retired judge or a trained mediator experienced in the resolution of disputes between franchisors and franchisees who has no prior familial relationship with any party to the Dispute. If the parties are unable to agree on a mediator within 30 days after the Dispute is submitted to mediation, the Mediation Organization shall select a mediator who possesses the indicated qualifications.

(3) Each party agrees to send at least one representative to the mediation who has authority to enter into binding contracts on that party's behalf. Each party further agrees to sign a confidentiality agreement that exempts the mediator from disclosing, orally or in writing, any information the other party discloses to the mediator in confidence at any stage of the mediation process.

(4) If any party fails or refuses to participate in mediation for a Dispute subject to mediation in accordance with this Section 21.01, the other parties shall be entitled to submit the Dispute to binding arbitration immediately in accordance with Section 21.02 and the party failing or refusing to participate in mediation in accordance with this Section 21.01 shall not be entitled to recover its costs or attorney fees in such arbitration proceedings, even if they would otherwise be available to that party in such arbitration.

21.02 <u>Arbitration</u>.

If the parties (also including any member of Franchisee's Group) cannot fully resolve and settle a Dispute, subject to mediation in accordance with Section 21.01, then within 30 days after the mediation concludes, all unresolved issues involved in the Dispute, except those excluded from

mandatory mediation and arbitration, under Section 21.04 shall be submitted to binding arbitration, as follows:

(a) Any party may make a demand for arbitration of a Dispute.

(b) Arbitration proceedings shall be conducted in Austin, Texas before a single Texas-based arbitrator, using the facilities and commercial arbitration rules of the Mediation Organization or another professional dispute-resolution organization selected by Company and reasonably acceptable to Franchisee (the "Arbitration Organization"). If Company selects an Arbitration Organization other than the Mediation Organization and Franchisee reasonably objects to Company's choice, the parties shall use the American Arbitration Association's facilities and commercial arbitration rules in effect at the time the demand for arbitration is submitted to the American Arbitration Association.

(c) The final hearing in the arbitration shall be held no later than six (6) months from the date the demand for arbitration is submitted to the Arbitration Organization, unless the parties stipulate otherwise in writing or the arbitrator finds there is good cause otherwise. The parties (also including any member of Franchisee's Group) agree to utilize the discovery limitations and evidentiary rules of the Arbitration Organization and agree that the arbitrator will decide all discovery disputes related to the arbitration. To the greatest extent permitted by law, the parties (also including any member of Franchisee's Group) waive the application of all rules of discovery and evidence of state and federal law.

(d) The parties shall jointly select a Texas-based arbitrator from the panel of arbitrators maintained by the Arbitration Organization. The arbitrator must be either a retired judge or an attorney experienced in the practice of franchise law who has no familial relationship with either party and who agrees to follow and apply the express provisions of this Agreement in determining his or her award. If the parties are unable to agree on an arbitrator within 30 days after the arbitration demand is filed, the Arbitration Organization shall select an arbitrator who possesses the indicated qualifications.

(e) The arbitrator's award shall be final and binding on all parties, and neither party shall have any right to contest or appeal the arbitrator's award except on the grounds expressly provided by the Federal Arbitration Act (the "FAA"). Responsibility for the arbitrator's fees and expenses shall be determined as part of the arbitrator's award.

(f) The arbitrator shall not extend, modify or suspend any term of this Agreement or the reasonable standards of business performance and operation established by Company in good faith.

(g) Notice of or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. However, a demand for arbitration shall stay any lawsuit that was filed in contravention of this Article 21.

(h) The procedures contemplated by and the enforceability of this Section 21.02 shall be governed by the FAA and shall be interpreted and enforced in accordance with United States federal judicial interpretations of the FAA.

(i) The parties (also including any member of the Franchisee's Group) agree that any arbitrations of or related to a Dispute will be conducted on an individual basis, and not as part of a common, consolidated, or class action or arbitration.

(j) The arbitrator shall have exclusive authority to resolve any arbitrability issues including any dispute over these terms or this arbitration provision's scope, application, meaning, and enforceability.

(k) If any of the parties (also including any member of the Franchisee's Group) breach this arbitration agreement by instituting any legal suit, action, or proceeding in any court against another of the parties related to a Dispute that is subject to mediation or arbitration subject to Section 21.01 and 21.02, the party(ies) successfully compelling arbitration of the Dispute shall be entitled to recover all attorney fees and costs it incurred in connection with compelling arbitration. The arbitrator shall have authority to resolve this question.

(l) The parties agree that the terms of this Article 21 shall survive the termination, cancelation, expiration, or transfer of this Agreement or any interest in Franchisee.

21.03 Internal Dispute Resolution.

(a) The Company has created an informal, non-binding arbitration program (the "Internal Program") for the benefit of all Keller Williams Franchisees and Regional Representatives. The nature and limits of the Disputes to which the Internal Program applies and the procedures that govern the Internal Program's use are described in the Brand Standards Manuals.

(b) Except as stated otherwise below, use of the Internal Program is currently optional. If Company makes the Internal Program mandatory, Franchisee, each Franchisee's Principal and Company agree to submit any Disputes to which the Internal Program applies for resolution in accordance with its standards and procedures prior to seeking a Dispute's resolution in the manner prescribed in Sections 21.01 and 21.02, except as permissible under Section 21.04(b). If a Dispute relates to another Keller Williams Franchisee or a Regional Representative, Franchisee and each Franchisee's Principal agrees to submit the Dispute to the Internal Program and in accordance with the Internal Program's standards, specifications, and procedures prior to seeking the Dispute's resolution by any other means.

21.04 Remedies; Disputes Not Subject to Mediation or Arbitration; Limitation of Damages.

(a) No right or remedy conferred upon or reserved to Company or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided in this Agreement by law or in equity, but each right and remedy shall be cumulative of every other right or remedy.

(b) Notwithstanding Sections 21.01, 21.02 and 21.04, (i) Franchisee or any other member of Franchisee's Group, on the one hand, and Company, its Affiliates, Regional Representatives, Successors, or Assigns, on the other hand, and any of their respective directors, officers, shareholders, members, managers, partners, attorneys, servants, employees, associates, independent contractors, agents, and representatives may at any time file suit in any court of competent jurisdiction to seek injunctive relief to enforce or defend rights relating to the Trademarks, the Copyrighted Material, any party's Confidential Information or trade secrets related to the System, any party's other intellectual property related to the System, or the terms of the covenants against competition in Section 17.02; and (ii) Company, its Affiliates, Regional Representatives, Successors, or Assigns, on the other hand, and any of their respective directors, officers, shareholders, members, managers, partners, attorneys, servants, employees, associates, independent contractors, agents, and representatives may at any time file suit in any court of

competent jurisdiction to collect any Production Royalty, Profit Sharing Contribution or other monetary obligation payable by Franchisee or any other member of Franchisee's Group. Company and Franchisee (including each Controlling Principal and each Franchisee's Principal on their own behalf and on behalf of each member of the Franchisee's Group) consent to personal jurisdiction in any state or federal court located in Travis County, Texas.

(c) Except as provided as a remedy in an appliable statute creating a substantive cause of action or claim in a Dispute, or except on any cause of action or claim in a Dispute arising out of or relating to the Trademarks, the Copyrighted Materials, any party's trade secrets related to the System, and any party's other intellectual property related to the System, the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special, and consequential damages against the other and agree that, in the event of an action or claim arising from a Dispute between the parties, the parties bringing an action or claim shall be limited to equitable relief and to recovery of any direct or general damages it sustains; provided, however that Company shall have the right to recover lost profits in the event of termination of this Agreement.

(d) Except for actions or claims relating to the Trademarks, the Copyrighted Material, any party's Confidential Information or trade secrets related to the System, any party's other intellectual property related to the System, any and all actions or claims arising out of or relating to this Agreement or the relationship created hereby shall be barred unless such action or claim is commenced within 2 years from the date on which the party asserting such action or claim knew or should have known of the facts giving rise to such action or claim.

(e) **EXCEPT AS OTHERWISE REQUIRED BY LAW, THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR CLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR CURE HEREUNDER.**

_____ **[FRANCHISEE'S INITIALS]**

22.
FORCE MAJEURE

22.01 If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by use of normal commercial measures, the parties shall be relieved of their respective obligations to the extent the parties are necessarily prevented, hindered or delayed in such performance during the period such Force Majeure continues, provided that Company may condition its approval upon the payment of agreed minimum fees to Company during the period in which the Market Center is not fully in operation.

22.02 The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party by telephone with confirmation in writing, email or other writing in which receipt is confirmed, setting forth the nature thereof, an estimate as to its duration, and a plan for resuming full compliance with this Agreement. A party

that fails to provide the required notice shall be liable for failure to give such timely notice only to the extent of damage actually caused.

23.
COMPANY'S DAMAGES, COSTS AND EXPENSES

23.01 If Franchisee fails to cure a default, following notice, within the applicable cure period, or brings a claim, lawsuit or arbitration against Company in which Franchisee does not prevail, Franchisee shall pay to Company its damages, costs, and expenses, including without limitation, the reasonable attorney's fees incurred by Company.

24.
ACKNOWLEDGMENTS

24.01 **Acknowledgments.**

(a) Franchisee acknowledges that it received a copy of this Agreement, with all blanks filled in, at least 7 days prior to the date on which Franchisee signed this Agreement. Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least 14 calendar days prior to the date on which Franchisee signed this Agreement. The actual dates of delivery are set forth on the Information Summary.

(b) Franchisee either is, or has secured the services of, a duly licensed real estate broker under the laws of the state within which the Market Center is situated and is in compliance with all applicable law, rules and regulations of cognizant authorities applicable to the operation of the Market Center.

(c) The following only applies in *California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin*: No statement, questionnaire, or acknowledgement signed or agreed to by franchisee in connection this 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 Company, its employees, or other person acting on behalf of Company. This provision supersedes any other term of any document executed in connection with the franchise.

[COMPLETED AND EXECUTED ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement in duplicate as of the Effective Date.

KELLER WILLIAMS REALTY, LLC

By:_____

Name: _____
Title: _____
Date:_____

FRANCHISEE:

By:_____

Title: Operating Principal
Date:_____

ATTACHMENT A

AGREEMENT AND GUARANTY OF CONTROLLING PRINCIPALS

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the preceding Franchise Agreement and acknowledges that the execution of this Agreement and Guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the franchise, and that Company would not have granted the franchise without the execution of this Agreement and Guaranty and the other undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principal";

(3) Each jointly and individually makes and agrees to perform all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Franchise Agreement and accepts the obligation to perform such covenants, representations and agreements on their individual behalf and on behalf of each member of the Franchisee's Group; and

(4) Each jointly and severally, absolutely and unconditionally guarantees to Company and its successors and assigns:

(a) The payment and performance in full when due of all Production Royalties, Profit Sharing Contributions and other contractual obligations and trade accounts payable by Franchisee to Company or its Affiliates; and

(b) The payment and performance in full when due of any and all amounts for which Franchisee may become obligated pursuant to Articles 5, 11, 12, 16 and 20 and of Sections 6.01, 14.08, 15.04, 17.02 and 19.02 of the Franchise Agreement and pursuant to any real estate related services approved by Company.

The monetary obligations described in clauses (a) and (b) are called "Debts".

This is a continuing Guaranty and applies to all Debts for or with respect to which Franchisee may become obligated, or, with respect to Debts described in clause (b) above, after the franchise's termination, cancellation, expiration or transfer. This Guaranty shall be binding upon each of the undersigned's heirs, executors, administrators, guardians, successors and assigns, and under no circumstances shall any Person's obligations under this Guaranty be released or extinguished without Company's written consent and release or until all Debts have been paid in full, whether or not a Guarantor's interest in Franchisee is transferred, sold or otherwise surrendered.

Each of the undersigned expressly waives demand and diligence on the part of the Company in the collection of any of the Debts and agrees to all extensions that may be granted to Franchisee by Company. Company shall be under no obligation to notify the undersigned of any sales or extensions of credit to Franchisee in reliance on this Guaranty, or of the failure of Franchisee to pay any of the Debts when due, or to use diligence in preserving the liability of any Person on the Debts or in bringing suit or in taking other action to enforce collection of the Debts.

If Franchisee's status should change through merger, consolidation or otherwise, this Guaranty shall cover the Debts of Franchisee under its new status, according to the terms of this Guaranty.

Company shall not be required to pursue or exhaust any remedies against Franchisee, to foreclose its interest in any collateral now or hereafter held by Company as security for the payment of the Debts, to terminate the Franchise Agreement or to take any other action before requiring payment under this Guaranty. Without in any manner impairing or diminishing the obligations of the undersigned under this Guaranty, Company may elect to pursue any legal or equitable remedy available against Franchisee or against any collateral held by Company, even though the exercise by Company of such remedy results in loss to the undersigned of any right of subrogation or right to proceed against Franchisee for reimbursement. If Franchisee is not liable on any of the Debts because the act of their creation is *ultra vires*, or if the officers or persons incurring any of the Debts acted in excess of their authority, and therefore the Debts cannot be enforced against Franchisee, the undersigned shall nevertheless be liable under this Guaranty.

If for any reason Company is required to refund a payment made by Franchisee to pay the amount thereof to any other Person, such payment by Franchisee shall not constitute a discharge of the undersigned from any liability under this Guaranty, and the undersigned agree to pay such amount to Company upon demand.

The undersigned agree that any obligation of Franchisee to the undersigned shall be subordinate to the payment of the Debts.

Each of the undersigned represents that he or she owns a substantial ownership interest in Franchisee and that he or she is receiving consideration from the Debts that is a material, direct benefit.

The undersigned agree to pay Company's reasonable attorneys' fees and costs if this Guaranty is placed in the hands of an attorney for collection, or if it is collected through a proceeding in any court.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

ATTACHMENT B

UNDERTAKING OF FRANCHISEE'S PRINCIPALS

Each of the undersigned acknowledges and agrees:

(1) Each has read this preceding Agreement in its entirety and acknowledges that the undertakings by Franchisee's Principals under this Agreement and as stated below, and the execution of the attached Agreement and Guaranty of Controlling Principal's, are made and given in partial consideration of, and as a condition to, Company's granting of rights to Franchisee as described in this Agreement;

(2) Each meets the definition of a Franchisee's Principal; and

(3) Each individually makes all of the covenants, representations, warranties and agreements of Franchisee's Principal set forth in this Agreement (including, without limitation, those regarding ownership and rights in the Trademarks and Copyrighted Material in Article 7; use of the Confidential Information in Article 8; in-term and post-term non-competition and non-solicitation, ownership of improvements to the System in Article 17; indemnification (including indemnification with respect to the acts, errors or omissions of the members of the Franchisee's Group) in Section 19.02; and choice of law and dispute resolution in Article 20) and any Attachments or amendments thereto, and individually undertakes the obligation to perform thereunder for so long as he or she qualifies as such and thereafter to the extent expressly provided by the terms of this Agreement; and

(4) That the direct or indirect interest of the undersigned in Franchisee is subject to the transfer restrictions in Article 14 of this Agreement.

FRANCHISEE'S PRINCIPALS

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

FRANCHISEE Initials/Date _____

ATTACHMENT C

ELECTRONIC DEBIT/CREDIT AUTHORIZATION
Authorization Agreement for Direct Withdrawals (ACH Debits) & Deposits (ACH Credits)

FOR MARKET CENTER AND REGIONAL BANK ACCOUNTS ONLY

Company Name **Keller Williams Realty, LLC** **1221 South Mopac Expressway, Suite 400** **Austin, TX 78746**	Market Center Number:
I (we) hereby authorize KELLER WILLIAMS REALTY, LLC hereinafter called **COMPANY**, to initiate debit entries or credit adjustments for any debit entries in error to my (our) ☐ **Checking** ☐ **Savings** Account (select one) indicated below at the Financial Institution named below, and to debit or credit the same to such account. I (we) acknowledge that the authority will remain in effect until I have (or either of us has) cancelled it in writing and that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.	
Financial Institution Name:	Branch:
City: State:	Zip Code:
ACH Routing Number:	Account Number:
Account Name:	Tax ID Number:
This authority is to remain in full force and effect until **COMPANY** has received written notification from me (or either of us) of its termination in such time and in such manner as to afford **COMPANY** and Financial Institution a reasonable opportunity to act on it.	

Signature _____ Date _____

Printed Name _____

****Warning**: A $500 late payment fee is assessed daily for ACH drafts returned to Company for ANY reason. Incorrect **ACH** Routing number and Account number are common errors when completing this form. PLEASE verify both numbers with your financial institution before submitting the completed form to Company. An "**ACH**" routing number can be different than a "Wire" routing number and a "Paper Deposit" routing number.

** ** Changes to your bank account information should be made by calling Company's Finance Department at 512.439.8602.

ATTACHMENT D

SOFTWARE LICENSE

This Software License ("Software License") is entered into between KELLER WILLIAMS REALTY, LLC ("Company") and ("Licensee"), on the Effective Date of that certain Market Center Franchise Agreement between Company and Licensee ("Franchise Agreement"). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Franchise Agreement. To the extent of any conflict between the terms of this Software License and any clickthrough terms and conditions that appear within the MC Operating Software itself, the clickthrough terms and conditions shall govern.

NOTE: A LIMITED WARRANTY AND DISCLAIMER APPEAR IN PARAGRAPHS 3.01 AND 3.02 OF THIS SOFTWARE LICENSE.

I.

SOFTWARE LICENSE; SCOPE OF USE

1.01 Company hereby grants to Licensee a nontransferable, non-assignable license ("License") to use the MC Operating Software, solely as provided in this Software License.

1.02 Licensee shall not assign or otherwise transfer the MC Operating Software or this Software License without the express prior written approval of Company.

1.03 Licensee shall not use the MC Operating Software in connection with the operation of any business except the business of the Market Center, unless Company has given its prior written consent to such use.

1.04 Licensee shall not make copies of the MC Operating Software except with Company's express written consent. The MC Operating Software, as well as all such copies, shall be the sole property of Company and shall remain so throughout and after the termination, cancellation, expiration or transfer of the term of this Software License.

1.05 Licensee shall not modify or engage anyone else to modify the MC Operating Software in any manner whatsoever.

1.06 Neither Licensee nor any other party shall install or use any software other than the MC Operating Software in the operation of the Market Center without the express prior written approval of Company.

1.07 Upon reasonable notice, during the term of this Software License, Licensee shall, at Licensee's sole expense, purchase, install and maintain whatever computer hardware and other equipment as is necessary for the proper operation of the MC Operating Software as it may from time to time be configured by Company.

II.

DELIVERY

2.01 Company shall provide Licensee with one copy of the MC Operating Software.

2.02 Company may also provide Licensee with proprietary documentation needed for operation and use of the MC Operating Software.

III.

LIMITED WARRANTY AND DISCLAIMER OF WARRANTIES

3.01 COMPANY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY AND SUITABILITY OR FITNESS FOR A PARTICULAR USE WITH RESPECT TO THE MC OPERATING SOFTWARE. IN CASE ANY COMPONENT OR FUNCTION OF THE MC OPERATING SOFTWARE FAILS OR MALFUNCTIONS, LICENSEE'S SOLE AND EXCLUSIVE REMEDY SHALL BE THE CORRECTION OF ANY VERIFIED PROGRAM ERRORS TIMELY REPORTED TO COMPANY. FOR PURPOSES OF THIS SECTION 3.01, A VERIFIED PROGRAM ERROR SHALL BE DEFINED AS AN ERROR/"BUG" THAT CAN BE RECREATED BY COMPANY ON ITS OWN COMPUTERS USING LICENSEE'S DATA. COMPANY SHALL USE ITS BEST EFFORTS TO CORRECT ANY SUCH VERIFIED PROGRAM ERROR.

3.02 EXCEPT AS EXPRESSLY PROVIDED IN SECTION 3.01, IN NO EVENT SHALL COMPANY BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL, OR OTHER DAMAGES ARISING OUT OF THE DELIVERY, INSTALLATION, OPERATION, MAINTENANCE OR SUPPORT OF THE MC OPERATING SOFTWARE OR LICENSEE'S USE OF THE MC OPERATING SOFTWARE, WHETHER OR NOT DUE TO COMPANY'S NEGLIGENCE.

Warranty Disclaimer and Limitation of Liability Accepted

_____ (Licensee Initials)

IV.

MODIFICATIONS, ENHANCEMENTS, REPLACEMENTS AND CONSULTING ARRANGEMENT

4.01 During the term hereof, Company shall, on the same terms and conditions as the license of the MC Operating Software, make available to Licensee, without any additional charge, such corrections and improvements as may generally be incorporated into the MC Operating Software by Company. Licensee shall use such corrections and improvements in accordance with this Software License.

4.02 Company is under no obligation to furnish any enhancements or modifications to Licensee. However, it is Company's present intention to furnish such enhanced versions of the MC Operating Software, when available.

4.03 Company shall not be responsible for any changes made without the written permission of Company to the MC Operating Software by any party other than itself. Any changes made without the written permission of Company shall immediately release Company from any and all obligations to correct or maintain the MC Operating Software, but in no way shall this alter or modify Licensee's duty and obligation to maintain the confidentiality of the MC Operating Software.

4.04 Licensee shall use the consultant designated by Company (which may be Company) for resolving all questions or problems Licensee may have in the use of the MC Operating Software, whether such questions or problems shall relate to modifications, enhancements or replacements of the MC Operating Software or otherwise.

V.

OWNERSHIP, CONFIDENTIALITY AND NONDISCLOSURE

5.01 The MC Operating Software and any and all copies thereof, whether in whole or in part, whether made by Company or Licensee or anyone else, are the sole and exclusive property of Company.

5.02 Licensee understands and agrees that the MC Operating Software constitutes a trade secret of Company and is deemed confidential in accordance with the Confidentiality provisions of the Franchise Agreement.

5.03 Without the express prior written consent of Company, Licensee agrees not to make any copies of the MC Operating Software for any reason.

5.04 Licensee agrees to take reasonable measures to maintain the security of the MC Operating Software and shall not allow parties other than authorized employees or associates of Licensee to have access to the MC Operating Software or any of its component parts.

5.05 Licensee agrees to notify Company immediately of the existence of any circumstances surrounding any unauthorized knowledge, possession, or use of the MC Operating Software or any party thereof by any person or entity.

VI.

TERM OF AGREEMENT

The term of this Software License shall be concurrent with the term of the Franchise Agreement.

VII.

TERMINATION AND TERMINATION RIGHTS

7.01 Expiration, cancellation or termination of the Franchise Agreement for whatever reason shall automatically terminate this Software License and the right granted by it to use the MC Operating Software, without notice to Licensee. In addition, Company may terminate this Software License upon the failure by Licensee to comply with any of the terms and conditions herein, by giving Licensee written notice of termination stating the nature of the breach at least 15 days prior to the effective date of termination; provided that Licensee may avoid termination by immediately initiating a remedy to cure such default and curing it to Company's satisfaction within the 15-day period and by promptly providing proof thereof to Company. If any such default is not cured within that time (or, if appropriate, substantial and continuing action to cure the default is not initiated within that time), or such longer period as applicable law may require, this Software License shall terminate without further notice to Licensee effective immediately upon expiration of the 15-day period or such longer period as applicable law may require.

7.02 Upon the termination, cancellation, expiration or transfer of this Software License, Licensee shall immediately destroy or return to Company any copies of the MC Operating Software and support materials.

7.03 Upon termination, cancellation, expiration or transfer of this Software License, Licensee must promptly certify in writing to Company that to the best of Licensee's knowledge, all copies of the MC Operating Software and support materials have been destroyed or returned to Company.

VIII.

TAXES

8.01 Licensee agrees to pay any sales, use, ad valorem, personal property, general intangibles tax, and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon the gross income of Company.

8.02 Licensee shall not deduct from payments to Company any amounts paid or payable to third parties, including, but not limited to, any consultants providing services hereunder.

IX.

ASSIGNMENT

9.01 Licensee may not assign, sublicense, or otherwise transfer any of its rights under this Software License without the express prior written consent of Company; provided this restriction on transfer shall not apply to any transfer of the Software License to any person, firm, organization, corporation, or other entity which succeeds to the business of Licensee pursuant to the transfer provisions of the Franchise Agreement.

X.

INDEMNIFICATION

10.01 COMPANY SHALL INDEMNIFY LICENSEE AGAINST ALL LIABILITIES AND COSTS, INCLUDING REASONABLE ATTORNEYS' FEES, ARISING FROM THE DEFENSE AGAINST ANY CLAIM OR SUIT ALLEGING INFRINGEMENT BY ANY OF THE MC OPERATING SOFTWARE OF ANY UNITED STATES OR CANADIAN COPYRIGHT, PATENT, OR THE TRADEMARK, TRADE SECRET, OR UNFAIR COMPETITION RIGHTS OF A THIRD PARTY, PROVIDED LICENSEE PROMPTLY NOTIFIES COMPANY IN WRITING OF THE SUIT OR ANY CLAIM OF INFRINGEMENT AND THAT COMPANY IS PERMITTED TO CONTROL FULLY THE DEFENSE AND SETTLEMENT OF ANY CLAIM OR SUIT. LICENSEE SHALL HAVE THE RIGHT, AT ITS OWN EXPENSE, TO APPEAR THROUGH COUNSEL OF ITS OWN CHOOSING.

10.02 COMPANY SHALL HAVE THE RIGHT TO FULLY SETTLE ON BEHALF OF ITSELF AND LICENSEE ANY SUCH CLAIM OR SUIT ON ANY BASIS, INCLUDING ONE REQUIRING THE COMPANY TO SUBSTITUTE ALTERNATIVE SUBSTANTIALLY EQUIVALENT COMPUTER PROGRAMS AND SUPPORTING DOCUMENTATION.

10.03 COMPANY SHALL NOT BE LIABLE FOR ANY CLAIM OR SUIT BASED ON ANY UNITED STATES OR CANADIAN COPYRIGHT, PATENT, OR THE TRADEMARK, TRADE SECRET, OR UNFAIR COMPETITION RIGHTS OF A THIRD PARTY BASED ON ANY MODIFICATION DONE TO THE MC OPERATING SOFTWARE BY LICENSEE.

10.04 LICENSEE AGREES TO INDEMNIFY, DEFEND AND HOLD COMPANY HARMLESS FROM ANY AND ALL CLAIMS OF THIRD PARTIES RESULTING FROM OR INCIDENTAL TO THE USE OR OTHER OPERATION OF THE MC OPERATING SOFTWARE IN ACCORDANCE WITH THE PROVISIONS REGARDING LICENSEE'S INDEMNITY IN SECTION 19.02 OF THE FRANCHISE AGREEMENT.

XI.

GENERAL

11.01 Notice under this Software License shall be in writing addressed to the parties as indicated in the notice provision of the Franchise Agreement.

11.02 Any dispute relating to the interpretation or performance of this Software License shall be resolved through non-binding mediation and binding arbitration conducted in Travis County, Texas, in accordance with the dispute resolution provisions of the Franchise Agreement.

11.03 In the event that either party commences litigation or arbitration to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

11.04 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provision shall remain in full force and effect and in no way shall be affected, impaired or invalidated.

11.05 **THIS SOFTWARE LICENSE SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS (EXCEPT FOR TEXAS CHOICE OF LAW RULES).**

11.06 The terms of this Software License are incorporated into the Franchise Agreement by reference. This Software License and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all related prior and contemporaneous agreements between the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Software License on the day and year first above written.

COMPANY:

KELLER WILLIAMS REALTY, LLC

By:_____

Name: _____
Title: _____

LICENSEE:

By:_____

Name:
Title: Operating Principal

ATTACHMENT E

CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT

This Confidentiality and Non-Solicitation Agreement (the "Agreement") is made and entered into _____, between ("Franchisee") and _____ ("Recipient"). KELLER WILLIAMS REALTY, LLC ("Company") shall be a third-party beneficiary of this Agreement with full right and authority to enforce its terms against Franchisee and Recipient.

RECITALS

WHEREAS, Company has developed, is using and is the owner of all rights in a distinctive system ("the System") for the development and operation of real estate brokerage Market Centers under the name and mark KELLER WILLIAMS, KELLER WILLIAMS REALTY, KW COMMERCIAL, KW LUXURY, KELLER WILLIAMS LUXURY, KELLER WILLIAMS LUXURY INTERNATIONAL, KW LUXURY INTERNATIONAL, KW REALTY and related names and marks ("Market Centers"); and

WHEREAS, the System includes but is not limited to the proprietary names, marks, designs and colors used in connection with the Market Centers and procedures and compilations of confidential information described in Paragraph 1 of this Agreement regarding, among other things, the inventory and financial control techniques, uniform standards and specifications, quality and uniformity of products and services, operating methods and training used by Company in the operation of the System ("Company Trade Secrets"); and

WHEREAS, Company's Trade Secrets provide economic advantages to Company and are not generally known to, and are not readily ascertainable by proper means by Company's competitors who could obtain economic value from knowledge and use of Company's Trade Secrets; and

WHEREAS, Company has taken, and intends to take all reasonable steps to maintain the confidentiality and secrecy of Company's Trade Secrets; and

WHEREAS, Company has granted Franchisee a limited right to operate a Market Center using the System and Company's Trade Secrets for the period defined in the franchise agreement made and entered into, _____ ("Franchise Agreement") between Company and Franchisee; and

WHEREAS, Company and Franchisee have agreed in the Franchise Agreement on the importance to Company and to Franchisee and other franchised users of the System of restricting use, access and dissemination of Company's Trade Secrets; and

WHEREAS, it shall be necessary for certain employees, associates, agents, independent contractors, officers, directors and interest holders of Franchisee, or any entity having an interest in Franchisee, ("Recipients") to have access to and to use some or all of Company's Trade Secrets in the management and operation of Franchisee's Market Center using the System; and

WHEREAS, Franchisee has agreed to obtain from those Recipients written agreements protecting Company's Trade Secrets and the System against unfair competition; and

WHEREAS, Recipient wishes to remain, or wishes to become, employed by or associated with Franchisee; and

WHEREAS, Recipient wishes and needs to receive and use Company's Trade Secrets in the course of his employment or association in order to effectively perform his services for Franchisee; and

WHEREAS, Recipient acknowledges that receipt of the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants of Recipient herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Company or Franchisee shall disclose to Recipient some or all of Company's Trade Secrets relating to the System. All information and materials, including, without limitation, the Brand Standards Manuals described in Section 1.12 of the Franchise Agreement and any information, drawings, knowledge, know-how, specifications, techniques and compilations of data (including, but not limited to, information concerning the finances, operating results and expiration dates of franchise agreements between Company and other Market Center Franchisees) which is communicated to Recipient by Franchisee or Company shall be deemed Company's Trade Secrets for the purposes of this Agreement.

2. Recipient shall receive Company's Trade Secrets in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his or her employment by, or association with, Franchisee and then only in connection with the development or operation by Franchisee of its Market Center using the System for so long as Franchisee is franchised by Company to use the System.

3. Recipient shall not, at any time, make copies of any documents or compilations containing some or all of Company's Trade Secrets without Company's prior express written permission.

4. Recipient shall not, at any time, disclose or permit the disclosure of Company's Trade Secrets except to other employees of, or persons associated with, Franchisee and only to the limited extent necessary to train or assist other employees or associates of Franchisee in the operation or development of Franchisee's Market Center.

5. Recipient shall surrender the Brand Standards Manuals and any other material containing some or all of Company's Trade Secrets to Franchisee or to Company, upon request, or upon termination of employment by, or association with, Franchisee, or upon conclusion of the use for which the Brand Standards Manuals or other information or material may have been furnished to Recipient. The Trade Secrets and confidentiality covenants in Sections 1 through 5 of this Agreement shall be perpetually binding upon Recipient, and shall survive the termination, cancellation, expiration or transfer of this Agreement or Recipient involvement with Company, Franchisee or the Market Center.

6. Recipient shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill of the System.

7. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of Company's Trade Secrets, and in consideration for the disclosure to Recipient of Company's Trade Secrets, Recipient further agrees and covenants that, during the time Recipient is employed by or associated with Franchisee and the Franchise Agreement continues to be in effect, Recipient shall not:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Market Center using the System to any competitor.

b. Except as permitted under the Franchise Agreement, employ or engage or seek to employ or engage any person who is at the time employed or engaged by Company or any Franchisee or regional representative of Company, or otherwise directly or indirectly induce any such person to leave his or her employment or engagement. This subsection shall not apply to any employee or agent transfer between Franchisee and Company.

c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, without the prior written consent of Company, own, maintain, operate, engage in, or have any interest in any real estate business which competes directly with Company, including any real estate business that involves (i) the real estate brokerage business; or (ii) the offer, sale or operational support of businesses in the real estate brokerage business (whether as a franchisor, licensor, regional representative, area director or other similar service provider capacity). Notwithstanding the foregoing, this Section 7(c) shall not apply to a business that exclusively offers one of the following services: coaching for real estate professionals, title, mortgage, property management, insurance, or real estate school.

8. In further consideration for the disclosure to Recipient of Company's Trade Secrets and to protect the uniqueness of the System, Recipient agrees and covenants for two years following the earlier of the termination, cancellation, expiration or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of his employment by, or association with, Franchisee, the Recipient shall not, without the prior written consent of Company:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Market Center(s) using the System to any competitor.

b. Employ or engage or seek to employ or engage any person who is at the time employed or engaged by Company or any Franchisee or regional representative of Company, or otherwise directly or indirectly induce any such person to leave his or her employment or engagement.

In all cases, for purposes of calculating the duration of the 2-year period, any time during which Recipient is in violation or breach of the covenant will be excluded such that a full 2-year period of compliance is required of Recipient.

9. Franchisee undertakes to use its best efforts to ensure that Recipient acts as required by this Agreement.

10. Injunctive Relief. Recipient agrees that in the event of a breach of this Agreement, Company and Franchisee would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, both Company and Franchisee shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent

injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

11. Recipient agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Company and/or Franchisee in enforcing this Agreement.

12. Any failure by Company or Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Recipient shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

13. **EXCEPT AS STATED BELOW, RECIPIENT HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF TRAVIS COUNTY, TEXAS AND THE FEDERAL DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS, AUSTIN DIVISION. RECIPIENT HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. RECIPIENT HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. RECIPIENT FURTHER AGREES THAT VENUE FOR ANY LEGAL PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE TRAVIS COUNTY, TEXAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, COMPANY OR FRANCHISEE MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES, OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS CHOICE OF LAW RULES).**

14. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company or Franchisee is a party, Recipient expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

15. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

16. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or email (provided that the sender confirms the email by sending an original confirmation copy thereof by certified or registered mail or expedited delivery service within three business days after transmission thereof), to the respective parties. "Business day" means any day other than Saturday, Sunday or a day on which federally chartered banks are authorized by law to close.

Notices to Company: KELLER WILLIAMS REALTY, LLC
1221 South Mopac Expressway, Suite 400
Austin, Texas 78746

Attention: Legal/Franchise Systems Department
Email: legal@kw.com

Notices to Franchisee: _____
_____
_____
_____

Notices to Recipient: _____
_____
_____
_____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by email shall be deemed given upon transmission, provided confirmation is made as provided above. Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days written notice of such change to the other party.

17. The rights and remedies of Company under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of Franchisee and Recipient hereunder are personal in nature and may not be assigned by Franchisee or Recipient, as applicable.

18. Company shall have the right to execute this Agreement as a party, but in all cases Company shall be a third-party beneficiary of this Agreement with full right and authority to enforce the terms of this Agreement against Recipient regardless of whether Company executes this Agreement.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

RECIPIENT:

ATTACHMENT F

PROFIT SHARING CONTRIBUTION CALCULATION

THIS ATTACHMENT SETS FORTH THE FORMULA YOU SHALL USE IN CALCULATING YOUR MONTHLY PROFIT SHARING CONTRIBUTION. IN PRACTICE, YOU SHALL PERFORM THE CALCULATION USING THE MC OPERATING SOFTWARE AND SHALL NOT HAVE PERFORMED IT MANUALLY.

YOU SHOULD NOTE THAT, WHILE THE FORMULA ASSUMES YOUR MARKET CENTER SHALL REALIZE POSITIVE EARNINGS EACH MONTH, THERE CAN BE NO ASSURANCE THAT YOU SHALL EVER REALIZE A PROFIT FROM THE MARKET CENTER'S OPERATION.

NONE OF THE INFORMATION IN THIS ATTACHMENT IS INTENDED TO CONSTITUTE, OR IN ANY EVENT SHALL BE CONSTRUED AS, A REPRESENTATION OR APPROXIMATION OF THE GROSS COMMISSIONS, GROSS MARKET CENTER INCOME OR MONTHLY PROFIT THAT YOU MAY REALIZE.

COMPANY URGES FRANCHISEE TO CONSULT WITH QUALIFIED FINANCIAL, BUSINESS AND LEGAL ADVISORS ABOUT THE INFORMATION IN THIS ATTACHMENT.

Each Franchisee's Profit Sharing Contribution is determined as follows:

Monthly Gross Commissions[1]	Line 1
Less: Production Royalty[2]	(Line 2)
Less: Associates' Commissions[3]	(Line 3)
Equals Monthly Gross Market Center Income[4]	Line 4
Less: Franchisee's Approved Budget Expenses[5]	(Line 5)
Less: Franchisee's Loss Carry Forwards[6]	(Line 6)
Equals: Monthly Profit[7] (or if a loss, the Carryover Loss attributable to such month)	Line 7

The Franchisee's Monthly Profit (Line 7) is then used to calculate the Profit Sharing Contribution[8] based on the following table:

Monthly Profit	Contribution
Up to $2,990	25% of such amount
Over $2,990 but not over $11,240	$747.50 plus 35% of the excess of such amount over $2,990
Over $11,240	$3,635.00 plus 50% of the excess of such amount over $11,240

Notes:

1. The aggregate amount of all Commissions paid to the Franchisee during the month for which the Gross Commission Income is being determined.

2. The monthly Production Royalty payment paid to Company by Franchisee based on Gross Commission Income earned during the month for which the Production Royalty is being determined. The Production Royalty is determined by the Brand Standards Manuals and is currently equal to 6% of the Gross Commission Income. It is Company's current policy to set an annual cap on each Associate's Production Royalty, for a maximum of $3,000 per Associate in Production Royalty per Region. Company reserves the right to increase the annual cap on Production Royalty during the Term to an amount not to exceed $4,000 per Associate. Company may modify or eliminate this cap in its discretion.

3. The portion of the Gross Commissions paid to each of Franchisee's Associates based on the real estate sales closed by such Associate during the period for which a determination of Associate Commissions is to be made.

4. Monthly Gross Commissions minus Production Royalty and Associate Commissions equals Monthly Gross Market Center Income a/k/a Company Dollar.

5. The expenses that Company has approved as necessary to the operation of a Market Center. Approved Budget Expenses may include expenses relating to accounting services, tax preparation, computer services, contests and sales awards, contributions, gifts, copying, professional association/organization fees, subscriptions, entertainment, insurance, legal expenses, equipment maintenance, federal, state and local taxes, postage, printing, public relations, rent, salaries, supplies, telephone service, training, advertising and travel. Approved Budget Expenses, and the amount allowable for each category, are described in the Brand Standards Manuals.

6. The aggregate amount of all allowable Loss Carry Forwards generated in prior months, determined in accordance with policies established by the International Associate Leadership Council and incorporated into the Policies and Guidelines Manual. Generally, the amount by which Approved Budget Expenses in a given month exceed Gross Market Center Income for such month constitutes a Loss Carry Forward that may be carried forward and applied in subsequent months to reduce a Franchisee's Monthly Profit for purposes of calculating the Franchisee's monthly Profit Sharing Contribution. Allowable Approved Budget Expenses and the period a Market Center can avoid Profit Sharing Contributions in reliance on Loss Carry Forwards may be restricted by the International ALC.

7. Gross Market Center Income minus Approved Budget Expenses and Loss Carry Forwards, if any.

8. The amount payable by Franchisee under the Profit Sharing Plan.

ATTACHMENT G

DOMAIN NAME AGREEMENT

This Domain Name Agreement (the "***Agreement***") is executed and effective as of _____ (the "***Effective Date***"), between Keller Williams Realty, LLC, a Texas limited liability company, with an address of 1221 South MoPac Expressway, Suite 400, Austin, Texas, 78746 ("***Company***"), and with an address of ("***Domain Name Franchisee***"). Company and Domain Name Franchisee shall be collectively referred to herein as the "***Parties***."

WHEREAS, Domain Name Franchisee has entered into the agreement dated _____(the "***Market Center Franchise***"), with Keller Williams Market Center #____ (the "***Market Center***"), a Keller Williams franchisee, to market and provide residential real estate brokerage services under the "Keller Williams" name in the Region;

WHEREAS, Company is the exclusive owner of trademarks and trademark registrations which are used in connection with real estate, franchising, and related services, including multiple U.S. trademark registrations (the "***Company Marks***");

WHEREAS, Domain Name Franchisee wishes to use certain Company Marks in its Domain Names, _____ (the "***Domain Names***"), in connection with promoting real estate services pursuant to the Market Center Franchise; and

NOW, THEREFORE, in consideration of the mutual covenants of the Parties, and other good and valuable consideration, the receipt of which is hereby acknowledged by Domain Name Franchisee, the Parties hereby agree as follows:

1. **Trademark License**. Company grants to Domain Name Franchisee the limited, non-exclusive, non-transferable, non-sublicensable right to use the Company Marks in the Domain Names, during the term of Domain Name Franchisee's relationship with the Market Center and Company, solely in connection with Domain Name Franchisee's real estate activities permitted under the Market Center Franchise.

2. **Domain Name Registration and Use.**

   a. Domain Name Franchisee will register the Domain Names with an accredited domain name registrar and the registrant information for each Domain Name shall be populated as follows:

      Registrant:
      Entity
      MC name
      Address
      City, State zip

   b. Domain Name Franchisee will use the Domain Names in accordance with the Market Center Franchise and Company's policies and high-quality standards, including Company's Standard and Identity Guidelines. Notwithstanding the foregoing, Company shall have the right to impose on Domain Name Franchisee, as Company deems necessary, other reasonable specifications or requirements not provided for in this Agreement to ensure the

requisite quality standards with respect to the services promoted at the websites to which the Domain Names resolve.

c. Domain Name Franchisee represents and warrants to Company that the information set forth in the Domain Name Data Sheet in **Exhibit A *("Data Sheet")*** is true, correct, and complete and that Domain Name Franchisee will update such information in the Data Sheet if any of the information changes.

With respect to the Domain Names, Domain Name Franchisee appoints Company as its lawful attorney-in-fact and agent, with full power and authority in its name, place, and stead to execute, acknowledge, and deliver, and to file or record any such document, instrument or agreement in connection therewith. Domain Name Franchisee acknowledges that this power of attorney is coupled with an interest and is irrevocable.

d. Domain Name Franchisee will not use the Domain Names to resolve to parked websites or similar advertising links. Domain Name Franchisee will also take all steps necessary to prevent the registrar of the Domain Names and any other third parties from using the Domain Names to resolve to parked websites or advertising links not affiliated with Company or the Market Center.

3. **Ownership and Use of the Company Marks.**

a. Domain Name Franchisee acknowledges that Company owns the Company Marks and all goodwill and rights therein and that nothing in this Agreement shall give Domain Name Franchisee any right, title or interest in or to the Company Marks other than pursuant to the Agreement granted herein. Domain Name Franchisee further acknowledges and agrees that all uses of the Company Marks shall inure to the benefit of Company.

b. Domain Name Franchisee will not register or use or aid any third-party in attempting to register or use any trademark(s) or any other domain name(s) which incorporates or may be, in the reasonable opinion of Company, confusingly similar to the Company Marks or any other trademarks of Company.

c. Domain Name Franchisee agrees that it will not challenge or aid any third-party in challenging the title of Company to the Company Marks, oppose any registration thereof, or challenge the validity of this Agreement or the licenses granted herein.

d. Domain Name Franchisee shall render to Company all reasonable assistance in connection with any matter pertaining to the protection, enforcement or infringement of the Company Marks, whether in the courts, administrative or quasi-judicial agencies, or otherwise.

4. **Term and Termination.**

a. This Agreement terminates automatically and unconditionally on the date the Market Center Franchise terminates.

b. Company may immediately upon written notice revoke the Agreement and terminate Domain Name Franchisee's right to use the Company Marks in the Domain Names if:

i. Domain Name Franchisee uses the Domain Names for any purpose or in any manner other than those permitted by this Agreement; or

ii. Domain Name Franchisee uses the Domain Names in violation of any Company's policies governing use of Company's intellectual property, the Company intranet, or the internet, including Company's Standard and Identity Guidelines; or

iii. Domain Name Franchisee materially defaults or breaches this Agreement or any other agreement between Domain Name Franchisee and Company or Domain Name Franchisee and the Market Center.

c. Upon termination of this Agreement, Domain Name Franchisee agrees to take all steps necessary to transfer all of Domain Name Franchisee's right, title, and interest in the Domain Names and their underlying registrations to Company, including without limitation, executing, without charge to Company, all documents, instruments, and agreements requested, and to take all other steps required to effectuate the transfer and assignment of and update the registration information for the Domain Names to Company. In addition, Domain Name Franchisee acknowledges that Company may also take steps to assign all of Domain Name Franchisee's right, title, and interest in the Domain Names and their underlying registrations to Company, in its role as Domain Name Franchisee's lawful attorney-in-fact and agent pursuant to Section 2 of this Agreement.

5. **Indemnification.** Domain Name Franchisee shall be responsible for all loss, liability, claims, suits, actions, proceedings, judgments, awards, damages and expenses arising out of or relating to its use and registration of the Domain Names or arising out of the acts or omissions of Domain Name Franchisee or any of its employees, agents, servants, or contractors in connection with this Agreement, and for all claims for damage to property or for injury or death of any persons directly or indirectly resulting therefrom.

6. **Notices**. Any notice, demand, offer, request or other communication required or permitted to be given by either Party pursuant to the terms of this Agreement shall be in writing and shall be deemed effectively given (i) if delivered personally, on the date of such delivery, (ii) one (1) business day after being deposited with a nationally recognized overnight courier service, charges prepaid, or (iii) four (4) days after being deposited in the U.S. mail, First Class, with postage prepaid, in each case addressed to the attention of the Parties as follows:

If to Company:

Keller Williams Realty, LLC
Attn: Legal/Franchise Systems Department
1221 South MoPac Expressway, Suite 400
Austin, Texas 78746

If to Domain Name Franchisee:

, Operating Principal
[ENTITY]
[MC NAME]
[ADDRESS]
[ADDRESS]

Company and Domain Name Franchisee may substitute a different address, from time to time, if such substitute address is provided to the intended notice recipient in writing by notice given in the manner provided in this Section.

7. **Entire Agreement**. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and to the extent that this Agreement is inconsistent with any prior or contemporaneous agreement(s) between the Parties, the terms of this Agreement will control.

8. **Amendment**. This Agreement shall not be amended or otherwise modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of Company and Domain Name Franchisee by their respective duly authorized representatives.

9. **Governing Law and Forum**. This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Texas, excluding its conflict of law rules. If legal action is instituted between the Parties regarding this Agreement, the Parties consent to such action being brought exclusively in the courts located in Travis County, Texas.

10. **Binding Effect; Nonassignability**. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Domain Name Franchisee may not assign this Agreement or any rights or obligations hereunder, without the prior written consent of Company, and any such assignment shall be void.

11. **No Waiver**. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

12. **Savings Clause**. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

13. **Counterparts**. This Agreement may be executed in counterparts via facsimile or otherwise, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

14. **Section Headings**. The section headings used in this Agreement are intended for convenience only and shall not be deemed to supersede or modify any provisions.

FRANCHISEE Initials/Date _____

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed.

Company:

KELLER WILLIAMS REALTY, LLC

By: _____

Name: _____
Title: _____

DOMAIN NAME FRANCHISEE:

By: _____

Name:
Title: Operating Principal

[INSERT DOMAIN NAME DATA SHEET (EXHIBIT)

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Commissioner of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning nonrenewal and termination of the Agreement. The Federal Bankruptcy Code also provides rights to You concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws shall control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.

c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

e. If the Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

f. If the Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable.

g. If the Franchise Agreement requires an interest rate greater than 10% per annum (the highest amount allowed in California), such interest rate will be reduced to 10% per annum.

2. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

FRANCHISEE Initials/Date _____

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____	_____
_____	_____
_____	_____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

HAWAII LAW MODIFICATIONS

1. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. Due to Franchisor's financial condition, Franchisor has elected to defer the payment of all initial franchise fees and other initial fees payable to Franchisor until Franchisor has fulfilled all of its material pre-opening obligations to Franchisee. Accordingly, notwithstanding anything to the contrary contained in the Agreement, Franchisee must pay Franchisor all initial fees payable to Franchisor at the time Franchisor has fulfilled all of its material pre-opening obligations to Franchisee.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to You concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act shall control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under Illinois Law.

d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, Illinois law shall control and govern the Agreement.

e. Section 19.05 of the Agreement is amended to state that the representations made in the Disclosure Document are not excluded from that on which You may rely.

f. The third sentence of Section 21.01 (c) is void with respect to claims under the Illinois Franchise Disclosure Act and is hereby deleted in its entirety.

g. Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

2. Section 5.01 of the Agreement is hereby amended to include that the Illinois Attorney General's Office has determined that due to Franchisor's financial condition, Franchisor must defer the payment of all initial fees payable to Franchisor until it has fulfilled all of its material pre-opening obligations to You and You have commenced doing business pursuant to this Agreement. Accordingly, notwithstanding anything to the contrary contained in the Agreement, You must pay Franchisor the initial fees payable to Franchisor at the time Franchisor has fulfilled all of its material pre-opening obligations to You and You have commenced doing business pursuant to this Agreement.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

FRANCHISEE Initials/Date _____

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Bus. Reg. Code Ann. § 14-201 et seq. (2010 Repl. Vol. and Supp. 2011). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. This Agreement requires you to assent to a release of claims, estoppel or waiver of liability, to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or a rule or order under the Act in order to purchase the franchise. Such release, estoppel or waiver shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law (the "Disclosure Law"), and such acknowledgments shall be void with respect to claims under the Law.

b. This Agreement obligates you to execute a release of claims as a condition to renewal or transfer. Such a release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, and such release shall be void with respect to claims under the Disclosure Law.

c. This Agreement requires that litigation be conducted in a forum other than the State of Maryland. However, the requirement shall not be interpreted to limit any rights Franchisee may have under Sec. 14-216 (c)(25) of the Disclosure Law to bring suit in the state of Maryland for claims arising under the Disclosure Law.

d. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

e. This Agreement is hereby amended to reflect that the limitations of claims provisions shall not act to reduce the 3-year statute of limitations afforded you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

f. This Agreement is hereby amended to reflect that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 5.01 of the Agreement is hereby amended to include that the Maryland Office of the Attorney General (Securities Division) has determined that due to Franchisor's financial condition, Franchisor must defer the payment of all initial fees payable to Franchisor until it has fulfilled all of its material pre-opening obligations to You. Accordingly, notwithstanding anything to the contrary contained in the Agreement, You must pay Franchisor the initial fees payable to Franchisor at the time Franchisor has fulfilled all of its material pre-opening obligations to You.

3. The Franchisor shall not contest the applicability of the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are

met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____	_____
_____	_____
_____	_____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT AND DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee's use of the Proprietary Marks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement and/or the Disclosure Document shall be superseded by the Act's requirements and shall have no force or effect.

b. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that a franchisee be given written notice of a franchisor's intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement and/or the Disclosure Document shall be superseded by the Act's requirements and shall have no force or effect.

c. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases that a franchisee be given 90 days' notice of termination (with 60 days to cure). If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement and/or the Disclosure Document shall be superseded by the Act's requirements and shall have no force or effect.

d. If the Franchisee is required in the Agreement and/or the Disclosure Document to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

e. If the Agreement and/or the Disclosure Document requires that it be governed by a state's law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any you may have as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

f. If the Agreement and/or the Disclosure Document requires you to sue the Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights you may have as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. As such, the disclosure in risk factor 1 on the State Cover Page of the Disclosure Document that the Agreement requires you to sue outside the State of Minnesota is not applicable because of the Franchise Act.

g. Minn. Rule 2860.4400J. prohibits the Franchisor from requiring you to consent to liquidated damages. If the Agreement and/or the Disclosure Document contains a provision that is inconsistent with the Minn. Rule, the provisions of the Agreement and/or the Disclosure Document shall be superseded by the Minn. Rule's requirements and shall have no force or effect.

h. The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

2. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

   b. If the Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

FRANCHISEE Initials/Date _____

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with the North Dakota Franchise Investment Law, North Dakota Law shall control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location shall be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision in this Agreement which requires Franchisee to consent to a waiver of exemplary and punitive damages or a waiver of trial by jury shall not apply to any claims brought under the North Dakota Franchise Investment Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law

by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.

c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

FRANCHISEE Initials/Date _____

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

KELLER WILLIAMS REALTY, LLC:

By:_____

Name: _____
Title: _____

FRANCHISEE:

By:_____

Name:
Title: Operating Principal

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

FRANCHISEE Initials/Date _____

AMENDMENT TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Keller Williams Realty, LLC Market Center Franchise Agreement between ("Franchisee" or "You") and Keller Williams Realty, LLC ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

FRANCHISEE Initials/Date _____

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this_____day of___20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of this Amendment to the Franchise Agreement and acknowledges that the execution of this guaranty and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for the granting of this franchise, and that Franchisor would not have granted this franchise without the execution of this guaranty and the undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as described in Section 1.21 of the Franchise Agreement;

(3) Each individually, jointly and severally makes all of the covenants, representations, and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder; and

(4) Each individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement shall be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each shall immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of the Controlling Principals under this guaranty, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased shall be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

CONTROLLING PRINCIPALS

_____ _____

_____ _____

_____ _____

EXHIBIT C

ANCILLARY BUSINESS ADDENDA

C-1 Business Center Addendum

C-2 Affiliation Addendum (Non-REALTOR® Associates)

C-3 Affiliation Addendum (Referral Associate)

C-1 Business Center Addendum

BUSINESS CENTER ADDENDUM
TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") to the FRANCHISE AGREEMENT dated , as amended (the "Franchise Agreement") between KELLER WILLIAMS REALTY, LLC (f/k/a Keller Williams Realty, Inc.) ("Franchisor") and ("Franchisee") for Keller Williams Market Center # (the "Market Center"), is entered into by Franchisor, Franchisee, and ("Franchisee's Operating Principal") to add new terms to the Franchise Agreement as set forth herein. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Franchise Agreement. This Addendum forms an integral part of the Franchise Agreement. Except to the extent expressly stated herein, all provisions of the Franchise Agreement will remain in effect, and this Addendum will not modify or change any term, condition, right, or obligation under the Franchise Agreement. This Addendum, which is effective as of the date Franchisor executes it, is solely for the purpose of setting forth the terms and conditions under which Franchisee may own and operate a Business Center (as defined below) in association with Franchisee's Market Center.

R E C I T A L S:

WHEREAS, Franchisee desires to open a satellite office, known as a "Keller Williams Business Center" or "Business Center"; and

WHEREAS, Franchisor desires to authorize Franchisee to open a Keller Williams Business Center in accordance with the terms and conditions described in this Addendum;

NOW THEREFORE, the parties, in consideration of the undertakings and commitments of each party set forth herein, hereby agree as follows:

1. **Definitions.**

a. **Business Center.** "Business Center" means the specific business premises from which Franchisee conducts business under the Trademarks and System pursuant to this Addendum. A Business Center is owned and operated only in association with the operation of a duly franchised Market Center.

b. **Business Center Location.** "Business Center Location" means the specific location designated by Franchisor at which the Business Center is located, as set below in this Section 1.b.

Business Center Location:

Business Center

Phone:

2. **Grant of Franchise.**

a. Franchisor grants to Franchisee, upon the terms and conditions stated in this Addendum, the right and franchise, and Franchisee undertakes the obligation, to operate a Business Center in association with the Trademarks and in accordance with the System from the approved location identified in Section 1.b.

b. All of the obligations and duties the Franchise Agreement imposes on Franchisee in connection with the operation of the Market Center are also imposed on Franchisee in connection with the operation of the Business Center.

c. Franchisor, any Franchisee of Franchisor and any other authorized person or entity may at any time advertise or promote the System and Trademarks and provide real estate services to any customer located in Market Center's Awarded Area. Franchisor may also offer and sell (and may authorize others to offer and sell) products and services which may be similar to those offered by the Business Center under other names and marks other than the Trademarks, as well as under the Trademarks, in and from locations within the Franchisee's Awarded Area, if offered and sold other than through a Market Center operating under the System.

3. **Conditions for Approval.** To obtain Franchisor's advance approval of the proposed Business Center:

a. Franchisee must complete and submit to Franchisor a Business Center Application.

b. Franchisee must provide to Franchisor any required information regarding the organization and capitalization of the Business Center, and any other information deemed necessary by Franchisor to consider the Business Center application for approval.

4. **Initial Franchise fee.** *[Use for new BC:]* [Concurrently with Franchisee's execution of this Addendum, Franchisee shall pay to Franchisor a Business Center fee of $2,500. Upon payment, such fee will be deemed fully-earned and non-refundable, except as described below, in partial consideration for administrative and other expenses incurred by Franchisor in granting this franchise.] *[Use for BC term extension:]* [There will not be a required fee.]

5. **Site Selection and Signage.**

a. Franchisor, in its sole and exclusive discretion, shall approve in advance the location of the site for the Business Center. The size and physical appearance of the Business Center shall be in accordance with the standards and specifications for Business Centers generally set forth in the Brand Standards Manuals, or otherwise in writing by Franchisor from time to time. Franchisee shall comply with the requirements of Section 2.02 of the Franchise Agreement with respect to the selection and establishment of the Business Center.

b. Franchisee will use and display such signs and Trademarks on and at the Business Center as Franchisor may designate from time to time to identify a Business Center.

6. **Franchise Agreement and Brand Standards Manuals.** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Trademarks, Franchisee shall conduct its business from the Business Center in accordance with the terms and conditions set forth in the Franchise Agreement and the standards, specifications, and procedures set forth in the Brand Standards Manuals.

7. **Term and Termination.** The term of this Addendum [will be 24 months from the effective date, including any renewal terms or transfers, subject to earlier termination,] OR [will run concurrent with the Franchise Agreement term, including any renewal terms or transfers, subject to earlier termination] in accordance with the following provisions:

a. This Addendum will terminate automatically and without notice if the Franchise Agreement terminates.

b. If the Business Center is located outside the boundaries of the Market Center's Awarded Area and Franchisor decides to pursue the development of another Market Center that encompasses the Business Center's Location, Franchisor may terminate this Addendum on 60 days' written notice. Except as provided in Section 10, nothing in this Addendum gives Franchisee, or any Person affiliated with the Business Center in any way, any claim on or preferential rights with respect to any territory that lies outside the boundaries of the Market Center's Awarded Area.

c. Franchisor may terminate this Addendum and Franchisee's rights to operate the Business Center at any time on 60 days' written notice if, in Franchisor's reasonable business judgment, the continued operation of the Business Center is likely to have an adverse effect on the profitability, financial stability or operations of the Market Center with which it is associated.

d. Franchisor may terminate this Addendum and Franchisee's rights to operate the Business Center at any time on 60 days' written notice if the volume of the Business Center exceeds 25% of the volume produced by any contiguous Market Center. In lieu of terminating this Addendum, Franchisor may require that Franchisee convert the Business Center into a Market Center in accordance with the terms and conditions of Section 10 of this Addendum.

e. Franchisor may terminate this Addendum on account of Franchisee's failure to comply with any term or condition set forth in this Addendum or the Franchise Agreement, in accordance with default and termination provisions set forth in the Franchise Agreement.

f. Franchisee may terminate this Addendum and surrender its rights to operate the Business Center at any time without penalty by notifying us, closing the Business Center and removing all signs and other uses of the Trademarks from the Business Center premises.

g. All of the terms, conditions, obligations and duties imposed on Franchisee in connection with the termination of the Franchise Agreement are also imposed on Franchisee in connection with the termination of this Addendum, including those obligations imposed under Sections 16.01 and 17.02 of the Franchise Agreement.

8. **Annual Reviews.** On an annual basis at times reasonably convenient to Franchisor and Franchisee, the parties may review Franchisee's records with respect to the Business Center's operations and, at Franchisor's option, may conduct a visual inspection of the Business Center premises. Franchisee will implement any changes to the Business Center's operations that Franchisor recommends to bring the Business Center into compliance with System standards. At least once each five years, Franchisee will also make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Business Center premises as Franchisor may reasonably require, including, without limitation, renovation of signs, computer systems and other equipment, furnishings, fixtures and decor, to reflect the then-current standards and image of the System.

9. **Accounting, Expenses, Revenues, Royalties and Profit Sharing.** All expenses, revenues, production royalties, and profit sharing from the Business Center shall be reported to the Franchisor, and paid, through the Market Center in accordance with the terms and conditions set forth in the Franchise Agreement.

10. **Conversion to Market Center.**

a. Franchisor may, on 60 days written notice, require that the Business Center be converted to a Market Center.

b. At any time, Franchisee may request Franchisor to convert the Business Center to a Market Center.

c. To convert the Business Center to a Market Center, Franchisee must comply with the following:

(i) Franchisee must meet the then-current criteria established by Franchisor for new Market Center;

(ii) Franchisee shall execute the then-current form of Franchise Agreement;

(iii) Franchisee shall pay the then-current initial franchise fee to obtain such rights.

11. **Staffing.** The Staffing of the Business Center shall be in accordance with the specifications and standards set forth in the Brand Standards Manuals.

12. **Broker.** A Broker may be designated for the Business Center location only if required by the laws of the applicable state regarding the licensing of separate locations.

13. ***[Include for California:]*** **[Waiver and] General Release**.

[Include for California] **[WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

Franchisee and Franchisee's Operating Principal for themselves and on behalf of the Releasing Parties (defined below), acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

With respect to those Claims being released pursuant to this Addendum, Franchisee and Franchisee's Operating Principal, for themselves and on behalf of the Releasing Parties, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect.

Franchisee and Franchisee's Operating Principal, for themselves and on behalf of the Releasing Parties acknowledge that this Addendum extends to Claims which the Releasing Parties do not know or suspect to exist in favor of the Releasing Parties at the time of executing this Addendum, which if known by the Releasing Parties may have materially affected their decision to enter into this Addendum. It is understood by the Releasing Parties that the facts in respect of which this Addendum is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. The Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so

different and agrees that this Addendum shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

RELEASE.]

In consideration for the authorizations set forth herein related to the Business Center, except for the covenants and obligations arising under this Addendum, Franchisee and Franchisee's Operating Principal for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former affiliates and subsidiaries, and each of their current and former respective Regional Representatives, officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, whether known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected (collectively, "Claims"), that any Releasing Party has, ever had or may in the future have against any Released Party arising under or related to the Franchise Agreement, the Market Center, this Addendum or the Business Center, that occurred on or before the effective date of this Addendum.

14. **Covenant Not to Sue.** The Releasing Parties agree not to commence any proceeding of any nature against the Released Parties based on any Claims, demand, agreement, obligation, liability or cause of action whatsoever, in law or equity, that has been released pursuant to Section 13 above. The Releasing Parties represent and warrant that they have not assigned to anyone any Claims related to the Claims described in Section 13 that may now or subsequently be asserted against the Released Parties.

15. Indemnification. Franchisee will, at all times, indemnify and hold harmless, to the fullest extent permitted by law, Franchisor and its current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Indemnitees") from all Losses and Expenses (as defined in the Franchise Agreement) incurred in connection with any Claims which arise out of or are based upon (i) any alleged acts, errors, or omissions of Franchisee and its respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees, in connection with the establishment and operation of the Business Center pursuant to this Addendum or (ii) the bringing of any Claim released under this Addendum by any Releasing Party (defined below) and/or any members of Franchisee's Group. Franchisee agrees to give Franchisor timely notice of any such Claims that may arise. At the expense and risk to Franchisee, Franchisor may elect to hire (but under no circumstance is the Franchisor obligated to undertake) or elect counsel of its own choosing with respect to, the defense and/or settlement of any such Claims. Such an undertaking by Franchisor will, in no manner or form, diminish the Franchisee's obligation to indemnify the Indemnitees and to hold them harmless. In order to protect persons or property, or Franchisor's reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to such Claims if, in its sole judgment, there are

reasonable grounds to believe that (1) any of the acts or circumstances enumerated in this Section have occurred or; (2) any act, error, or omission as described in this Section may result directly or indirectly in damage, injury, or harm to any entity, person or any property. All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense. Franchisee expressly agrees that the terms of this Section supplement and add to Franchisee's general indemnification obligations under Section 19.02 of the Franchise Agreement and will survive the termination, expiration or transfer of this Addendum or any interest herein. For the purposes of this Section 6, the term "Claims" shall include reasonable attorneys' fees.

16. **Terminology**. If Franchisee executed a Market Center License Agreement on or before March 31, 2021, the following terms may be analogous and interchangeable: Franchisee and Licensee; Market Center Franchise Agreement and Market Center License Agreement; and Franchise Agreement and License Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement on the day and year noted below.

FRANCHISOR:

KELLER WILLIAMS REALTY, LLC

By: _____

Authorized Signatory

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: Date
Title: Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By: _____

Name: Date

FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs sign if BC is Model 2/3 or OP is NOT a CP]

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

C-2 Affiliation Addendum (Non-REALTOR® Associates)

AFFILIATION ADDENDUM TO MARKET CENTER FRANCHISE AGREEMENT (Non-REALTOR® Associates)

THIS AFFILIATION ADDENDUM TO MARKET CENTER FRANCHISE AGREEMENT ("**Addendum**") is entered into effective as of _____ (the "**Effective Date**") between Keller Williams Realty, LLC ("**Franchisor**"), _____ ("**Franchisee**"), _____ ("**Franchisee's Operating Principal**") to modify and add to the terms and conditions of the existing Franchise Agreement effective _____, as amended (the "**Franchise Agreement**"), for Keller Williams Market Center # __ (the "**Market Center**") between Franchisor and Franchisee. Defined terms not otherwise defined herein shall have the meaning attributed to them in the Franchise Agreement. The Franchisor, Franchisee, and Franchisee's Operating Principal are collectively referred to as the "Parties."

RECITALS

WHEREAS, the Franchise Agreement authorizes Franchisee to operate the Market Center and to use the Franchisor's proprietary System and Trademarks only at the Approved Location;

WHEREAS, Franchisee is a member of the National Association of REALTORS® ("**NAR**") and Associates affiliated with Franchisee are members of NAR ("**REALTORS®**");

WHEREAS, Franchisee has requested permission from Franchisor to affiliate with _____, which is a Permitted Business;

WHEREAS, Franchisee has provided Franchisor copies of state laws and regulations that govern the operation of the Permitted Business in the state in which the Permitted Business is located, and represents that there is no prohibition or substantial restrictions on the operation of the Permitted Business in that state in accordance with the terms of this Addendum;

WHEREAS, Franchisor is willing to grant Franchisee's request on the terms and conditions of this Addendum.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Authorization to Affiliate with a Permitted Business.

   a. Subject to the terms and conditions stated in this Addendum, Franchisor authorizes Franchisee to affiliate with _____.

   b. Franchisee is fully and solely responsible to Franchisor with respect to the Permitted Businesses' operations and its Non-REALTOR® Associates. Except

as otherwise stated in this Addendum, all of the conditions, standards, obligations and duties that the Franchise Agreement imposes on Franchisee's Associates in connection with the operation of the Market Center will also apply to the Non-REALTOR® Associates conducting business through the Permitted Business; provided that Franchisee is directly responsible for providing any related assistance or services to the Permitted Business and its Non-REALTOR® Associates, and for granting the Permitted Business and its Non-REALTOR® Associates a sublicense to use the Marks in connection with their performance of real estate services under the umbrella of the Market Center and Franchise Agreement. Franchisee agrees to cause each of its Non-REALTOR® Associates to enter into a form of independent contractor agreement with Franchisee.

2. Principal Place of Business and Operations. The Permitted Business must be duly registered with the state of _____ and have as its principal place of business the Approved Location or other physical location within Franchisee's Awarded Area that Franchisor approves in writing.

3. Non-REALTOR® Associate Affiliation Agreement. Franchisee and the Permitted Business shall execute the Non-REALTOR® Associate Affiliation Agreement attached hereto as Exhibit A ("**Affiliation Agreement**").

4. Accounting Requirements. All expenses, revenues, production royalties, and profit sharing from the Permitted Business shall be reported to the Franchisor, and paid, through the Market Center in accordance with the terms and conditions set forth in the Franchise Agreement.

5. Other Fees and Charges. In consideration for allowing the Permitted Business and the Non-REALTOR® Associates to use the System and Trademarks, Franchisee shall pay to Franchisor or its designee the fees and charges listed in Section 5.03(a), Section 5.03(b), and Section 5.03(f) of the Franchise Agreement for each Non-REALTOR® Associate affiliated with the Permitted Business.

6. Trademarks. Franchisee agrees that at all times and in all advertising, promotions, other display materials, on its letterheads, business forms, and a the Permitted Business' location, the Permitted Business must identify itself using a DBA Name (d/b/a or tradename) that is approved by Franchisor, together with the words "EACH OFFICE IS INDEPENDENTLY OWNED AND OPERATED" prominently displayed or such similar designation as shall be prescribed by Franchisor. Nothing in this Addendum grants directly to the Permitted Business the right to use the Marks, such right stems solely through their affiliation with Franchisee's Market Center and the Franchise Agreement between Franchisor and Franchisee.

7. Term and Termination.

a. Term. The term of this Addendum commences on the Effective Date and will continue during the Term of the Franchise Agreement.

b. Termination.

i. This Addendum will terminate automatically and without notice if the Franchise Agreement terminates or if ownership in the Permitted Business is altered.

ii. Franchisor may terminate this Addendum and Franchisee's right to affiliate with the Permitted Business by written notice to Franchisee if any law or regulation is passed or issued that is likely, in Franchisor's sole judgment, to have a material adverse effect on Franchisor and its business and/or the operations of the Market Center.

iii. Franchisor may terminate this Addendum and Franchisee's right to affiliate with the Permitted Business on account of failure by Franchisee or the Permitted Business to comply with any term or condition of this Addendum, Franchise Agreement, Brand Standards Manual, or Affiliation Agreement.

iv. All of the terms, conditions, obligations, and duties imposed on Franchisee in connection with the termination of the Franchise Agreement also apply in relation to the termination of this Addendum.

8. Indemnification.

Franchisee will, at all times, indemnify and hold harmless, to the fullest extent permitted by law, Franchisor and its current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, Regional Representatives, predecessors, successors and assigns (collectively, the "Indemnitees") from all Losses and Expenses (as defined in the Franchise Agreement) incurred in connection with any Claims (defined below) which arise out of or are based upon (i) any alleged acts, errors, or omissions of the Permitted Business (and/or its Associates), and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees, in connection with the establishment and operation of the Permitted Business pursuant to this Addendum or (ii) the bringing of any Claim

released under this Addendum by any Releasing Party (defined below) and/or any members of Franchisee's Group. Franchisee and/or the Permitted Business (as applicable) agree to give Franchisor timely notice of any such Claims that may arise. At the expense and risk to Franchisee and/or the Permitted Business (as applicable), Franchisor may elect to hire (but under no circumstance is the Franchisor obligated to undertake) or elect counsel of its own choosing with respect to, the defense and/or settlement of any such Claims. Such an undertaking by Franchisor will, in no manner or form, diminish the Franchisee's obligation to indemnify the Indemnitees and to hold them harmless. In order to protect persons or property, or Franchisor's reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to such Claims if, in its sole judgment, there are reasonable grounds to believe that (1) any of the acts or circumstances enumerated in this Section have occurred or; (2) any act, error, or omission as described in this Section may result directly or indirectly in damage, injury, or harm to any entity, person or any property. All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee pursuant to their obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense. Franchisee expressly agrees that the terms of this Section supplement and add to Franchisee's general indemnification obligations under Section 19.02 of the Franchise Agreement and will survive the termination, expiration, or transfer of this Addendum or any interest herein. For the purposes of this Section 7, the term "Claims" shall include reasonable attorneys' fees.

9. Insurance. The Permitted Business is required to maintain the same insurance (for e.g., type, limits, and additional insureds) as is required under the Franchise Agreement, and shall either be named as an additional insured on all of Franchisee's insurance policies or if applicable law requires, maintain separate policies.

10. General Release.

Franchisee and Franchisee's Operating Principal acknowledge and agree that Franchisor has played no material part in their establishment of the Permitted Business or reaching any agreement relating to the Permitted Business. Accordingly, in consideration for the authorizations set forth herein related to the Permitted Business, except for the covenants and obligations arising under this Addendum, Franchisee and Franchisee's Operating Principal, for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former affiliates and subsidiaries, and each

of their current and former respective Regional Representatives, officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, whether known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected (collectively, "Claims"), that any Releasing Party has, ever had or may in the future have against any Released Party arising under or related to the Franchise Agreement, the Market Center, this Addendum or the Permitted Business, that occurred on or before the effective date of this Addendum.

11. Authorization Non-Transferable or Assignable. The authorization this Addendum establishes is not transferable or assignable by Franchisee.

12. Governing Law. This Addendum shall be construed in accordance with the laws of the State of Texas, without reference to its conflict of law rules.

13. Dispute Resolution. Any dispute under this Addendum shall be governed by and construed in accordance with the dispute resolution provision of the Franchise Agreement.

14. Effect on Franchise Agreement. Except as expressly modified and amended by this Addendum, the Franchise Agreement will remain in full force and effect.

15. Counterparts. This Affiliation Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Addendum on the day and year first above written.

FRANCHISOR:

KELLER WILLIAMS REALTY, LLC

By: _____
Authorized Signatory

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: _____
Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By: _____

Name: Date

FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs only sign if OP is not a CP]

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

NON-REALTOR® ASSOCIATE AFFILIATION AGREEMENT

THIS NON-REALTOR® ASSOCIATE AFFILIATION AGREEMENT ("**Affiliation Agreement**") is entered into effective as of _____ (the "**Effective Date**") between _____ ("**Franchisee**") and _____ ("**Permitted Business**"). The Franchisee and the Permitted Business are collectively referred to as the "Parties."

RECITALS

WHEREAS, Keller Williams Realty, LLC ("**KW**") and Franchisee are parties to a Keller Williams Market Center Franchise Agreement effective _____ ("**Franchise Agreement**");

WHEREAS, Franchisee executed an Affiliation Addendum to Market Center Franchise Agreement (Non-REALTOR® Associates) ("**Addendum**") effective _____; and

WHEREAS pursuant to the Addendum, KW authorized Franchisee to affiliate with the Permitted Business for purposes of allowing Non-REALTOR® Associates to affiliate with the Permitted Business for the sole purpose of offering brokerage real estate services using KW's System and Trademarks at the Approved Location or other location approved by KW in writing.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Agreement to be Bound.

a. The Permitted Business hereby agrees to comply with the requirements of the Franchise Agreement and Brand Standards Manual and to be bound by all the terms, conditions, covenants, obligations, and restrictions set forth therein, as the same may be amended, modified, or supplemented from time to time, as if the Permitted Business had initially been a signatory thereto.

2. Representations, Warranties and Covenants. The Permitted Business represents, warrants, and covenants to Franchisee and KW that as of the Effective Date and continuing throughout the term of this Affiliation Agreement:

a. The Permitted Business undertakes the obligation to offer real estate brokerage services in accordance with the terms and conditions of the Franchise Agreement, as the same may be amended, modified, or supplemented from time to time.

b. The Permitted Business undertakes the obligation to train the Non-REALTOR® Associates in accordance with the procedures set forth in the Brand Standards Manuals or otherwise stated by Franchisor in writing.

c. The Permitted Business shall not use, adopt, or register any trademarks, service marks, domain names, or business names that are identical or confusingly similar to the KW Trademarks or that otherwise create an association with KW, except as expressly authorized under the Franchise Agreement.

d. The Permitted Business shall not use KW's Trademarks as part of its legal Business Entity name.

e. The Permitted Business acknowledges and agrees that neither Franchisee nor KW has or will grant to the Permitted Business, anyone employed by the Permitted Businesses, or affiliated with the Permitted Business, including the Non-REALTOR® Associates, any direct or indirect right or license to the Trademarks but, rather, that their use of the Trademarks comes under and is subject to the limited trademark license granted to Franchisee under the Franchise Agreement.

f. The Permitted Business shall take all reasonable efforts to ensure that the Non-REALTOR® Associates comply with the Trademark requirements of the Franchise Agreement. The Permitted Business shall be responsible for any violations committed by its Non-REALTOR® Associates in connection with their use of the KW System and Trademarks.

g. The Permitted Business shall maintain the confidentiality of all proprietary and confidential information provided by KW and Franchisee, including but not limited to Trade Secrets, operational procedures, and marketing strategies. The Permitted Business agrees to implement reasonable safeguards to protect any such information from unauthorized access, disclosure, or misuse.

h. The Permitted Business agrees that all Client Information that KW obtains from the Permitted Business and/or the Non-REALTOR® Associates and all revenue KW derives from such Client Information will be KW's property and KW's confidential information that KW may use for any reason without compensation to the Permitted Business or its Non-REALTOR® Associates.

3. Acknowledgment. The Permitted Business acknowledges that it has received, reviewed, and fully understands the terms and conditions of the Franchise Agreement and agrees that its execution of this Affiliation Agreement constitutes conclusive evidence of such acknowledgment.

4. Third-Party Beneficiary. Franchisee and the Permitted Business acknowledge and agree that KW is an intended third-party beneficiary of this Affiliation Agreement and shall have the right, but not the obligation, to enforce its terms against the Permitted Business as if KW were a direct party to this Affiliation Agreement. The Permitted Business expressly acknowledges that KW's rights under this Affiliation Agreement include ensuring the Permitted Business complies with the terms of the Franchise Agreement and the Brand Standards Manual, including, without limitation, the Franchise Agreement's confidentiality (Sections 8.01 and 8.02), non-competition and non-solicitation agreements (Sections 17.02), as if the Permitted Business were a direct party to the Franchise Agreement. Nothing in this Affiliation Agreement shall be construed to create any contractual rights in favor of any person or entity other than the Parties hereto and KW.

5. No Conflict.

a. The execution, delivery, and performance of this Affiliation Agreement does not and will not (i) violate any applicable law, regulation, or order to which the Permitted Business is subject, (ii) conflict with or result in a breach of any contract, agreement, or instrument to which the Permitted Business is a party or by which it is bound, or (iii) require any consent, approval, or authorization from any governmental authority or third party that has not been duly obtained.

b. In the event of any inconsistency between this Agreement and the Franchise Agreement, the terms of the Franchise Agreement shall control.

6. Authority and Capacity. The Permitted Business has the full legal capacity, power, and authority to enter into this Affiliation Agreement and to perform its obligations hereunder.

7. Authorization Non-Transferable or Assignable. The authorization this Affiliation Agreement establishes is not transferable or assignable by Franchisee or the Permitted Business.

8. Governing Law. This Affiliation Agreement shall be construed in accordance with the laws of the State of Texas, without reference to its conflict of law rules.

9. Disputes. Any dispute under this Affiliation Agreement shall be governed by and construed in accordance with the dispute resolution provision of the Franchise Agreement.

10. Effect of Agreement. Except as expressly set forth herein, nothing in this Affiliation Agreement shall be deemed to modify, amend, or waive any provision of the Franchise Agreement or Addendum, which shall remain in full force and effect.

11. Modifications. Franchisee and the Permitted Business shall not modify or amend this Affiliation Agreement in such a way as to create a conflict or other inconsistency with the terms and conditions of the Franchise Agreement or this Affiliation Agreement.

12. Counterparts. This Affiliation Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Affiliation Agreement on the day and year first above written.

PERMITTED BUSINESS:

[ENTITY NAME]

By: _____
Authorized Signatory

Name: _____
Date: _____

NAME:

By: _____
Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: _____
Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By: _____

Name: Date

FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs only sign if OP is not a CP]

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

C-3 Affiliation Addendum (Referral Associate)

AFFILIATION ADDENDUM TO MARKET CENTER FRANCHISE AGREEMENT (Referral Associates)

THIS AFFILIATION ADDENDUM TO MARKET CENTER FRANCHISE AGREEMENT ("**Addendum**") is entered into effective as of _____ (the "**Effective Date**") between Keller Williams Realty, LLC ("**Franchisor**"), _____ ("**Franchisee**"), _____ ("**Franchisee's Operating Principal**") to modify and add to the terms and conditions of the existing Franchise Agreement effective _____, as amended (the "**Franchise Agreement**"), for Keller Williams Market Center # __ (the "**Market Center**") between Franchisor and Franchisee. Defined terms not otherwise defined herein shall have the meaning attributed to them in the Franchise Agreement. The Franchisor, Franchisee, and Franchisee's Operating Principal are collectively referred to as the "Parties."

RECITALS

WHEREAS, the Franchise Agreement authorizes Franchisee to operate the Market Center and to use the Franchisor's proprietary System and Trademarks only at the Approved Location;

WHEREAS, Franchisee has requested permission from Franchisor to affiliate with _____, which is a Permitted Business;

WHEREAS, Franchisee has provided Franchisor copies of state laws and regulations that govern the operation of the Permitted Business in the state in which the Permitted Business is located, and represents that there is no prohibition or substantial restrictions on the operation of the Permitted Business in that state in accordance with the terms of this Addendum;

WHEREAS, Franchisor is willing to grant Franchisee's request on the terms and conditions of this Addendum.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Authorization to Affiliate with a Permitted Business.

    a. Subject to the terms and conditions stated in this Addendum, Franchisor authorizes Franchisee to affiliate with _____.

    b. Franchisee is fully and solely responsible to Franchisor with respect to the Permitted Businesses' operations and its Referral Associates. Except as otherwise stated in this Addendum, all of the conditions, standards, obligations and duties that the Franchise Agreement imposes on Franchisee's Associates in

connection with the operation of the Market Center will also apply to the Referral Associates conducting business through the Permitted Business; provided that Franchisee is directly responsible for providing any related assistance or services to the Permitted Business and its Referral Associates, and for granting the Permitted Business and its Referral Associates a sublicense to use the Marks in connection with their performance of real estate services under the umbrella of the Market Center and Franchise Agreement. Franchisee agrees to cause each of its Referral Associates to enter into a form of independent contractor agreement with Franchisee.

2. Principal Place of Business and Operations. The Permitted Business must be duly registered with the state of _____ and have as its principal place of business the Approved Location or other physical location within Franchisee's Awarded Area that Franchisor approves in writing.

3. Referral Associate Affiliation Agreement. Franchisee and the Permitted Business shall execute the Referral Associate Affiliation Agreement attached hereto as Exhibit A ("**Affiliation Agreement**").

4. Accounting Requirements. All expenses, revenues, production royalties, and profit sharing from the Permitted Business shall be reported to the Franchisor, and paid, through the Market Center in accordance with the terms and conditions set forth in the Franchise Agreement.

5. Referral Associate Technology Fee. Payable at a rate of up to $50 per month (currently $25) per Referral Associate for developing and supporting technology initiatives.

6. Trademarks. Franchisee agrees that at all times and in all advertising, promotions, other display materials, on its letterheads, business forms, and a the Permitted Business' location, the Permitted Business must identify itself using a DBA Name (d/b/a or tradename) that is approved by Franchisor, together with the words "EACH OFFICE IS INDEPENDENTLY OWNED AND OPERATED" prominently displayed or such similar designation as shall be prescribed by Franchisor. Nothing in this Addendum grants directly to the Permitted Business the right to use the Marks, such right stems solely through their affiliation with Franchisee's Market Center and the Franchise Agreement between Franchisor and Franchisee.

7. Term and Termination.

a. Term. The term of this Addendum commences on the Effective Date and will continue during the Term of the Franchise Agreement.

b. Termination.

i. This Addendum will terminate automatically and without notice if the Franchise Agreement terminates or if ownership in the Permitted Business is altered.

ii. Franchisor may terminate this Addendum and Franchisee's right to affiliate with the Permitted Business by written notice to Franchisee if any law or regulation is passed or issued that is likely, in Franchisor's sole judgment, to have a material adverse effect on Franchisor and its business and/or the operations of the Market Center.

iii. Franchisor may terminate this Addendum and Franchisee's right to affiliate with the Permitted Business on account of failure by Franchisee or the Permitted Business to comply with any term or condition of this Addendum, Franchise Agreement, Brand Standards Manual, or Affiliation Agreement.

iv. All of the terms, conditions, obligations, and duties imposed on Franchisee in connection with the termination of the Franchise Agreement also apply in relation to the termination of this Addendum.

8. Indemnification.

Franchisee will, at all times, indemnify and hold harmless, to the fullest extent permitted by law, Franchisor and its current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, Regional Representatives, predecessors, successors and assigns (collectively, the "Indemnitees") from all Losses and Expenses (as defined in the Franchise Agreement) incurred in connection with any Claims (defined below) which arise out of or are based upon (i) any alleged acts, errors, or omissions of the Permitted Business (and/or its Associates), and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees, in connection with the establishment and operation of the Permitted Business pursuant to this Addendum or (ii) the bringing of any Claim released under this Addendum by any Releasing Party (defined below) and/or any members of Franchisee's Group. Franchisee and/or the Permitted Business (as applicable) agree to give Franchisor timely notice of any such Claims that may arise. At the expense and risk to Franchisee and/or the Permitted Business (as applicable), Franchisor may elect to hire (but under no circumstance is the Franchisor obligated to undertake) or elect counsel of its own choosing with respect to, the defense and/or settlement of any such Claims. Such an

undertaking by Franchisor will, in no manner or form, diminish the Franchisee's obligation to indemnify the Indemnitees and to hold them harmless. In order to protect persons or property, or Franchisor's reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to such Claims if, in its sole judgment, there are reasonable grounds to believe that (1) any of the acts or circumstances enumerated in this Section have occurred or; (2) any act, error, or omission as described in this Section may result directly or indirectly in damage, injury, or harm to any entity, person or any property. All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee pursuant to their obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense. Franchisee expressly agrees that the terms of this Section supplement and add to Franchisee's general indemnification obligations under Section 19.02 of the Franchise Agreement and will survive the termination, expiration, or transfer of this Addendum or any interest herein. For the purposes of this Section 7, the term "Claims" shall include reasonable attorneys' fees.

9. Insurance. The Permitted Business is required to maintain the same insurance (for e.g., type, limits, and additional insureds) as is required under the Franchise Agreement, and shall either be named as an additional insured on all of Franchisee's insurance policies or if applicable law requires, maintain separate policies.

10. General Release.

Franchisee and Franchisee's Operating Principal acknowledge and agree that Franchisor has played no material part in their establishment of the Permitted Business or reaching any agreement relating to the Permitted Business. Accordingly, in consideration for the authorizations set forth herein related to the Permitted Business, except for the covenants and obligations arising under this Addendum, Franchisee and Franchisee's Operating Principal, for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former affiliates and subsidiaries, and each of their current and former respective Regional Representatives, officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, whether known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected (collectively, "Claims"), that any

Releasing Party has, ever had or may in the future have against any Released Party arising under or related to the Franchise Agreement, the Market Center, this Addendum or the Permitted Business, that occurred on or before the effective date of this Addendum.

11. Authorization Non-Transferable or Assignable. The authorization this Addendum establishes is not transferable or assignable by Franchisee.

12. Governing Law. This Addendum shall be construed in accordance with the laws of the State of Texas, without reference to its conflict of law rules.

13. Dispute Resolution. Any dispute under this Addendum shall be governed by and construed in accordance with the dispute resolution provision of the Franchise Agreement.

14. Effect on Franchise Agreement. Except as expressly modified and amended by this Addendum, the Franchise Agreement will remain in full force and effect.

15. Counterparts. This Affiliation Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Addendum on the day and year first above written.

FRANCHISOR:

KELLER WILLIAMS REALTY, LLC

By: _____
Authorized Signatory

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: _____
Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By: _____

Name: Date

FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs only sign if OP is not a CP]

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

REFERRAL ASSOCIATE AFFILIATION AGREEMENT

THIS REFERRAL ASSOCIATE AFFILIATION AGREEMENT ("**Affiliation Agreement**") is entered into effective as of _____ (the "**Effective Date**") between _____ ("**Franchisee**") and _____ ("**Permitted Business**"). The Franchisee and the Permitted Business are collectively referred to as the "Parties."

RECITALS

WHEREAS, Keller Williams Realty, LLC ("**KW**") and Franchisee are parties to a Keller Williams Market Center Franchise Agreement effective _____ ("**Franchise Agreement**");

WHEREAS, Franchisee executed an Affiliation Addendum to Market Center Franchise Agreement (Referral Associates) ("**Addendum**") effective _____; and

WHEREAS pursuant to the Addendum, KW authorized Franchisee to affiliate with the Permitted Business for purposes of allowing Referral Associates to affiliate with the Permitted Business for the sole purpose of offering brokerage real estate services using KW's System and Trademarks at the Approved Location or other location approved by KW in writing.

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Agreement to be Bound.

a. The Permitted Business hereby agrees to comply with the requirements of the Franchise Agreement and Brand Standards Manual and to be bound by all the terms, conditions, covenants, obligations, and restrictions set forth therein, as the same may be amended, modified, or supplemented from time to time, as if the Permitted Business had initially been a signatory thereto.

2. Representations, Warranties and Covenants. The Permitted Business represents, warrants, and covenants to Franchisee and KW that as of the Effective Date and continuing throughout the term of this Affiliation Agreement:

a. The Permitted Business undertakes the obligation to offer real estate brokerage services in accordance with the terms and conditions of the Franchise Agreement, as the same may be amended, modified, or supplemented from time to time.

b. The Permitted Business undertakes the obligation to train the Referral Associates in accordance with the procedures set forth in the Brand Standards Manuals or otherwise stated by Franchisor in writing.

c. The Permitted Business shall not use, adopt, or register any trademarks, service marks, domain names, or business names that are identical or confusingly similar to the KW Trademarks or that otherwise create an association with KW, except as expressly authorized under the Franchise Agreement.

d. The Permitted Business shall not use KW's Trademarks as part of its legal Business Entity name.

e. The Permitted Business acknowledges and agrees that neither Franchisee nor KW has or will grant to the Permitted Business, anyone employed by the Permitted Businesses, or affiliated with the Permitted Business, including the Referral Associates, any direct or indirect right or license to the Trademarks but, rather, that their use of the Trademarks comes under and is subject to the limited trademark license granted to Franchisee under the Franchise Agreement.

f. The Permitted Business shall take all reasonable efforts to ensure that the Referral Associates comply with the Trademark requirements of the Franchise Agreement. The Permitted Business shall be responsible for any violations committed by its Referral Associates in connection with their use of the KW System and Trademarks.

g. The Permitted Business shall maintain the confidentiality of all proprietary and confidential information provided by KW and Franchisee, including but not limited to Trade Secrets, operational procedures, and marketing strategies. The Permitted Business agrees to implement reasonable safeguards to protect any such information from unauthorized access, disclosure, or misuse.

h. The Permitted Business agrees that all Client Information that KW obtains from the Permitted Business and/or the Referral Associates and all revenue KW derives from such Client Information will be KW's property and KW's confidential information that KW may use for any reason without compensation to the Permitted Business or its Referral Associates.

3. Acknowledgment. The Permitted Business acknowledges that it has received, reviewed, and fully understands the terms and conditions of the Franchise Agreement and agrees that its execution of this Affiliation Agreement constitutes conclusive evidence of such acknowledgment.

4. Third-Party Beneficiary. Franchisee and the Permitted Business acknowledge and agree that KW is an intended third-party beneficiary of this Affiliation Agreement and shall have

the right, but not the obligation, to enforce its terms against the Permitted Business as if KW were a direct party to this Affiliation Agreement. The Permitted Business expressly acknowledges that KW's rights under this Affiliation Agreement include ensuring the Permitted Business complies with the terms of the Franchise Agreement and the Brand Standards Manual, including, without limitation, the Franchise Agreement's confidentiality (Sections 8.01 and 8.02), non-competition and non-solicitation agreements (Sections 17.02), as if the Permitted Business were a direct party to the Franchise Agreement. Nothing in this Affiliation Agreement shall be construed to create any contractual rights in favor of any person or entity other than the Parties hereto and KW.

5. No Conflict.

a. The execution, delivery, and performance of this Affiliation Agreement does not and will not (i) violate any applicable law, regulation, or order to which the Permitted Business is subject, (ii) conflict with or result in a breach of any contract, agreement, or instrument to which the Permitted Business is a party or by which it is bound, or (iii) require any consent, approval, or authorization from any governmental authority or third party that has not been duly obtained.

b. In the event of any inconsistency between this Agreement and the Franchise Agreement, the terms of the Franchise Agreement shall control.

6. Authority and Capacity. The Permitted Business has the full legal capacity, power, and authority to enter into this Affiliation Agreement and to perform its obligations hereunder.

7. Authorization Non-Transferable or Assignable. The authorization this Affiliation Agreement establishes is not transferable or assignable by Franchisee or the Permitted Business.

8. Governing Law. This Affiliation Agreement shall be construed in accordance with the laws of the State of Texas, without reference to its conflict of law rules.

9. Disputes. Any dispute under this Affiliation Agreement shall be governed by and construed in accordance with the dispute resolution provision of the Franchise Agreement.

10. Effect of Agreement. Except as expressly set forth herein, nothing in this Affiliation Agreement shall be deemed to modify, amend, or waive any provision of the Franchise Agreement or Addendum, which shall remain in full force and effect.

11. Modifications. Franchisee and the Permitted Business shall not modify or amend this Affiliation Agreement in such a way as to create a conflict or other inconsistency with the terms and conditions of the Franchise Agreement or this Affiliation Agreement.

12. Counterparts. This Affiliation Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Affiliation Agreement on the day and year first above written.

PERMITTED BUSINESS:

[ENTITY NAME]

By: _____
Authorized Signatory

Name: _____
Date: _____

NAME

By: _____

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: _____
Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By: _____

Name: Date

FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs only sign if OP is not a CP]

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

EXHIBIT D

TEMPORARY NEW HOMES SALES LOCATION ADDENDUM

TEMPORARY NEW HOMES SALES LOCATION
ADDENDUM TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") dated _____, to the FRANCHISE AGREEMENT dated , as amended (the "Franchise Agreement") by and between KELLER WILLIAMS REALTY, LLC (f/k/a Keller Williams Realty, Inc.) ("Franchisor") and , ("Franchisee") is entered into by such parties to amend the Franchise Agreement as set forth herein. All capitalized terms not otherwise defined herein will have the same meanings ascribed to such terms in the Franchise Agreement. This Addendum forms an integral part of the Franchise Agreement, this Addendum being appended thereto and fully incorporated therein. All terms of the Franchise Agreement remain in effect and this Addendum shall have no effect on any term, condition, right, or obligation under the Franchise Agreement. This Addendum is solely for the purpose of setting forth the terms and conditions under which Franchisee may operate a Temporary New Homes Sales Location (as defined below) in connection with Franchisee's Market Center as defined in the Franchise Agreement.

R E C I T A L S:

WHEREAS, Franchisee desires to open a temporary new homes sales location, ("Temporary New Homes Sales Location" or "New Homes Location") for the purpose of listing and selling all, or substantially all, of the new homes within a specific development of new homes;

WHEREAS, Franchisor desires to authorize Franchisee to operate a Temporary New Homes Sales Location in accordance with the terms and conditions described in this Addendum:

Now, therefore, the parties, in consideration of the undertakings and commitments of each party set forth herein, hereby agree as follows:

1. **Grant.**

(a) Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right and franchise, and Franchisee hereby undertakes the obligation, to operate a Temporary New Homes Sales Location and to use solely in connection therewith the Trademarks and the System, as such may be changed, improved or further developed from time to time, from the location set forth in Exhibit A hereto (the "Location").

(b) Franchisor's grant of the rights set forth herein is based upon the understanding that Franchisee (or an associate of Franchisee) has obtained an exclusive listing to sell all or substantially all of the new homes for the new home development identified in Exhibit A (the "Development"). A copy of the listing agreement is attached hereto as Exhibit B (the "Listing Agreement").

2. **Conditions of Approval.**

(a) Franchisee or Franchisee's associate shall occupy the Temporary New Homes Sales Location (which shall be a model home or other approved facility on the premises of the Development) solely for the purpose of selling new homes within the Development. Franchisee's activities, and those of its associates, at the New Homes Location shall be limited to listing, selling and acting as a real estate broker to sell all or substantially all, of the new homes at the Development. Neither Franchisee, nor any of its associates shall conduct any other listing, sales or other real estate services from the New Homes Location.

(b) Franchisor, in its sole and exclusive discretion, shall have the right to review the listing agreement. The Listing Agreement shall be attached as Exhibit B. Once reviewed by Franchisor, no changes, modifications or amendments may be made to the Listing Agreement without Franchisor's express written approval. Franchisee shall submit any proposed changes, modifications or amendments to the Listing Agreement to Franchisor in writing prior to agreeing to any proposed changes with the developer. If Franchisee changes, modifies, or amends the Listing Agreement without Franchisor's approval, Franchisor may terminate this Addendum immediately upon notice to Franchisee.

(c) Franchisee shall operate the Temporary New Homes Sales Location solely from the Location and shall not relocate the New Homes Location without the express prior written consent of Franchisor. The Temporary New Homes Sales Location must meet all standards, specifications and criteria established by Franchisor for temporary new homes sales locations as set forth in the Brand Standards Manuals, or otherwise in writing by Franchisor from time to time.

3. **Term and Renewal.**

(a) This Addendum shall remain in effect for a period of one (1) year from the date of execution, or the term of the Listing Agreement, whichever is less, unless terminated sooner.

(b) Franchisee must apply for approval to renew the terms of this Addendum annually, or in connection with the renewal of the listing agreement, whichever period is shorter. Franchisee must submit its request to renew at least sixty (60) days (but no more than ninety (90) days) prior to the first anniversary of this Addendum or expiration of the Listing Agreement, whichever occurs first, and thereafter for any subsequent Anniversary or listing period, as applicable. Franchisor has the right annually to review this Addendum, and to terminate the Addendum on the anniversary of the date of its execution or the expiration of the Listing Agreement, in Franchisor's sole and absolute discretion. Franchisor shall notify Franchisee of its decision to approve or disapprove the renewal of the Addendum within thirty (30) days after Franchisor's receipt of Franchisee's written request. If, however, the Franchisor does not respond in writing within the thirty (30) day period, the Addendum is automatically renewed for an additional year, or the remaining term of the listing, whichever is shorter. If Franchisee fails to timely request renewal, the Addendum shall automatically terminate. Franchisor may require Franchisee to execute Franchisor's then-current form of addendum or agreement to operate a temporary new homes sales location as a condition of renewal.

4. **Franchise Agreement and Brand Standards Manuals.** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the Trademarks and the System, Franchisee shall conduct its business from the Temporary New Homes Sales Location in accordance with the terms and conditions of the Franchise Agreement and the standards, specifications and procedures set forth in the Brand Standards Manuals.

5. **Signage.** The Temporary New Homes Sales Location shall use temporary signage that conforms to the standards and specifications of the Franchisor as set forth in the Brand Standards Manuals or otherwise in writing, from time to time. Franchisor, in its sole and absolute discretion, must approve the signage to be used at the New Homes Location prior to its use.

6. **Termination.** This Addendum shall automatically terminate upon the termination or expiration of the Franchise Agreement. Termination of the Listing Agreement shall also automatically terminate this Addendum.

7. **Accounting, Expenses, Revenues, Royalties and Profit Sharing.** All expenses, revenues, production royalties, and profit sharing from the Temporary New Homes Sales Location shall be

reported to the Franchisor and paid through the Market Center in accordance with the terms and conditions set forth in the Franchise Agreement.

8. **Broker.** A Broker may be designated for the Temporary New Homes Sales Location if required by the laws of the applicable state regarding the licensing and operation of separate real estate sales locations.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Agreement in triplicate on the day and year first above written.

FRANCHISOR:

KELLER WILLIAMS REALTY, LLC

By:_____

Authorized Signatory

Name: _____

Date:_____

FRANCHISEE:

By:_____

Name: Date
Title: Operating Principal

CONTROLLING PRINCIPALS

By:_____

Name: Date

By:_____

Name: Date

By:_____

Name: Date

*Denotes individual who is Franchisee's Operating Principal

EXHIBIT A

Location: _____

Development: _____

EXHIBIT B

LISTING AGREEMENT ATTACHED

EXHIBIT E

MEGA-ASSOCIATE OFFICE ADDENDUM

MEGA-ASSOCIATE OFFICE ADDENDUM TO FRANCHISE AGREEMENT

THIS MEGA-ASSOCIATE OFFICE ADDENDUM ("Addendum") between Keller Williams Realty, LLC, (f/k/a Keller Williams Realty, Inc.) ("Franchisor"), ("Franchisee"), ("Franchisee's Operating Principal"), and ([IF MULTIPLE: each a] "Mega-Associate") is for the purpose of adding terms to the Franchise Agreement, dated , as amended (the "Franchise Agreement"), for Keller Williams Market Center # (the "Market Center") as set forth herein. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Franchise Agreement. This Addendum forms an integral part of the Franchise Agreement. Except to the extent expressly stated herein, all provisions of the Franchise Agreement will remain in effect, and this Addendum will not modify or change any term, condition, right, or obligation under the Franchise Agreement. This Addendum is effective as of the date Franchisor executes it ("Effective Date").

WHEREAS, the Franchise Agreement authorizes Franchisee to operate the Market Center and to use Franchisor's proprietary System only at the location identified in the Franchise Agreement; and

WHEREAS, Mega-Associate is a licensed real estate associate who is affiliated with the Market Center; and

WHEREAS, Mega-Associate wants to open a Mega-Associate Office at a location outside the Market Center; and

WHEREAS, Franchisee has requested authorization from Franchisor to permit Mega-Associate to establish and operate a Mega-Associate Office at the address set forth below in Section 1(a) of this Addendum; and

WHEREAS, Franchisee has provided Franchisor copies of state or provincial laws and regulations that govern the operation of mega-associate offices in the state in which the Market Center is located, and Franchisee represents there is no prohibition or substantial restrictions on the operation of such offices in that state or province; and

WHEREAS, Franchisee has paid, and Franchisor acknowledges receipt of, the $2,500 Mega-Associate Office fee; and

WHEREAS, Franchisor is willing to provide the authorization on the terms and conditions this Addendum states;

NOW THEREFORE, in consideration of the undertakings and commitments set forth herein, the parties agree as follows:

1. **Authorization to Operate a Mega-Associate Office.**

(a) Subject to the terms and conditions stated in this Addendum, Franchisor authorizes Mega-Associate to establish and operate a Mega-Associate Office at the address set forth below in this Section 1(a) (the "Office") and to use the Trademarks and the System in connection with the Office's operation.

Office Location:
Mega Associate Office:

Phone:

(b) Franchisee is responsible to Franchisor with respect to Mega-Associate's operations at the Office. Except as otherwise stated in this Addendum, all of the conditions, standards, obligations and duties that the Franchise Agreement imposes on Franchisee's Associates in connection with the operation of the Market Center will also apply to Mega-Associate's Associates conducting business in the Office. Mega-Associate undertakes to observe and abide by all such Associate-related conditions, standards, obligations and duties (including, but not limited to, the reporting of all transactions through the Market Center's accounting and processing systems and collection of the standard royalty assessed to each of Mega-Associate's Associates for payment to Franchisor), and Franchisee undertakes to ensure that Mega-Associate complies with Mega-Associate's undertaking with respect to its Associates. Franchisee and Mega-Associate have or will execute an independent contractor agreement, and Mega-Associate has or will execute a team agreement with each of its Associates outlining such Associate's compensation. Franchisee and Mega-Associate will make these agreements available to Franchisor upon request.

2. **Use of the Office; Lease and Signage; Copyrighted Material.**

(a) Mega-Associate may operate the Office only at the location identified in Section 1(a).

(b) Provided that the Market Center has given its prior written consent, Mega-Associate may allow sales associates and support staff who are not affiliated with or do not report to Mega-Associate to office at or conduct business from the Office so long as they are not conducting business for a competitor of Franchisor. All sales associates affiliated with the Mega-Associate must be registered under the Market Center's agent roster.

(c) The Office must feature such signage and other uses of the Trademarks as Franchisor from time to time designates as appropriate for Mega-Associate Offices. The exterior sign for the Office must feature the Trademarks and indicate that Mega-Associate is affiliated with Franchisee. All signage must be approved by Franchisor prior to installation.

(d) Mega-Associate acknowledges and agrees that the Brand Standards Manuals, the MC Operating Software and other related proprietary materials associated with the System are licensed by Franchisor directly to Franchisee under the Franchise Agreement, are deemed Copyrighted Material under the Franchise Agreement and are and will remain the sole property of Franchisor. Mega-Associate's use of such Copyrighted Material and related technology and information systems in connection with the operation of the Office is derived solely from and subject to Franchisee's decision to associate with Mega-Associate under this Addendum, and Mega-Associate will sign any such documents presented to it reflecting its acknowledgements regarding such ownership and limitations on its rights of use.

3. **Advertising Restriction.**

Mega-Associate may not advertise or promote the existence or location of the Office without the Market Center's prior written consent, which consent will be subject to the Market Center's confirmation that the advertising or promotion is otherwise consistent with Franchisor's then current standards for Mega-Associate Office advertisements and promotions using the Trademarks.

4. **Accounting Requirements.**

Franchisee will include all commission revenue and other revenue the Office generates in the Market Center's Gross Revenues for purposes of calculating Production Royalty, profits and Profit Sharing Contributions.

5. **Reviews.**

On an annual basis, and at other times reasonably convenient to Franchisor, Franchisee and Mega-Associate, Franchisor may review the records of the Office's operations and, at Franchisor's option, may conduct a visual inspection of the Office premises. Franchisee and Mega-Associate will implement any changes to the Office's operations that Franchisor recommends to bring the Office into compliance with then-current System standards for Mega-Associate Offices. At Franchisor's request, but not more than once each five years, Mega-Associate will also renovate and modernize the Office in a manner satisfactory to Franchisor and in accordance with then-current System standards for Mega-Associate Offices.

6. **Term and Termination.**

(a) Initial Term. The term of this Addendum commences on the Effective Date and will continue for a period of three (3) years thereafter, unless earlier terminated in accordance with this Addendum [so long as the agreement ("Exhibit A") is in place]. *[include if IMAO is in another MC's territory]*

(b) Renewal Terms. Upon the expiration of the Initial Term, this Addendum will automatically renew for additional successive three (3) year terms, unless either Franchisee or Mega-Associate gives one-hundred and twenty (120) days' prior written notice of non-renewal to the other parties hereto. If either Franchisee or Mega-Associate provides timely notice of its intent not to renew this Addendum, this Addendum terminates on the expiration of the then-current term, unless earlier terminated in accordance with this Addendum.

(c) Termination.

(i) This Addendum will terminate automatically and without notice if the Franchise Agreement terminates.

(ii) Franchisor may terminate this Addendum and Mega-Associate's right to operate the Office by written notice to Franchisee if any law or regulation is passed or issued that is likely, in Franchisor's sole discretion, to have a material adverse effect on Franchisor and its business and/or the operations of the Market Center or the Office.

(iii) Franchisor may terminate this Addendum and Mega-Associate's right to operate the Office on thirty (30) days' written notice if, in Franchisor's sole discretion, the continued operation of the Office or the Office's continued affiliation with the Market Center is likely to have an adverse effect on the profitability, financial stability or operations of the Market Center.

[(iv) Franchisor may terminate this Addendum and Mega-Associate's rights to operate the Office on thirty (30) days' written notice if the fee-splitting agreement between the Region and the Region terminates.] *[Include if IMAO is in a different Region's territory and re-number remaining bullets]*

(iv) Franchisor may terminate this Addendum and Mega-Associate's right to operate the Office on account of failure by Franchisee or Mega-Associate to comply with any term or condition of this Addendum or the Franchise Agreement. If the Office is located outside the boundaries of the Market Center's Awarded Area and Franchisor decides to grant a franchise for a Market Center that encompasses the Office location, this Addendum will terminate as of the effective date of the franchise agreement for the newly created Market Center. Nothing in this Addendum gives Franchisee or Mega-Associate any claim or preferential right with respect to any territory that lies outside the boundaries of the Market Center's Awarded Area.

(v) All of the terms, conditions, obligations, and duties imposed on Franchisee in connection with the termination of the Franchise Agreement also apply in relation to the termination of this Addendum or closure of the Office.

(vi) Upon termination of this Addendum, Mega-Associate shall take all steps necessary to de-identify and ensure that the Office premises no longer resemble a Mega-Associate Office including, without limitation, removing all signs and other uses of the Trademarks from the Office premises.

7. **Indemnification.**

Franchisee and Mega-Associate will, at all times, indemnify and hold harmless, to the fullest extent permitted by law, Franchisor and its current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, Regional Representatives, predecessors, successors and assigns (collectively, the "Indemnitees") from all Losses and Expenses (as defined in the Franchise Agreement) incurred in connection with any Claims (defined below) which arise out of or are based upon (i) any alleged acts, errors, or omissions of Franchisee and/or Mega-Associate, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees, in connection with the establishment and operation of the Office pursuant to this Addendum or (ii) the bringing of any Claim released under this Addendum by any Releasing Party (defined below) and/or any members of Franchisee's Group. Franchisee and Mega-Associate (as applicable) agree to give Franchisor timely notice of any such Claims that may arise. At the expense and risk to Franchisee and/or Mega-Associate (as applicable), Franchisor may elect to hire (but under no circumstance is the Franchisor obligated to undertake) or elect counsel of its own choosing with respect to, the defense and/or settlement of any such Claims. Such an undertaking by Franchisor will, in no manner or form, diminish the Franchisee's and/or Mega-Associate's (as applicable) obligation to indemnify the Indemnitees and to hold them harmless. In order to protect persons or property, or Franchisor's reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to such Claims if, in its sole judgment, there are reasonable grounds to believe that (1) any of the acts or circumstances enumerated in this Section have occurred or; (2) any act, error, or omission as described in this Section may result directly or indirectly in damage, injury, or harm to any entity, person or any property. All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee and/or Mega-Associate (as applicable) pursuant to their obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense. Franchisee and Mega-Associate expressly agree that the terms of this Section supplement and add to Franchisee's general indemnification obligations under Section 19.02 of the Franchise Agreement and will survive the termination, expiration or transfer of this Addendum or any interest herein. For the purposes of this Section 7, the term "Claims" shall include reasonable attorneys' fees.

8. **Covenant Against Competition**.

In consideration for the sharing of information, use of systems and overall benefits of this Addendum, during the term of this Addendum, neither Mega-Associate nor Mega-Associate's immediate family members shall, without the prior written consent of Franchisor, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or business entity: (a) divert or attempt to divert any business or customer of the Market Center or the Office to any Competitor (as defined below), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious

or prejudicial to the goodwill associated with Franchisor's Marks or System or the Market Center; or (b) own, maintain, operate, engage in, or have any interest in any Competitor. The foregoing covenants shall be construed as independent of any other covenant or provision of this Addendum. If any portion of a covenant in this Section is held unreasonable or unenforceable, Mega-Associate expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law. Franchisor shall have the right, in its discretion, to reduce the scope of any covenant set forth in this Section without Mega Associate's consent, and Mega-Associate consents to the issuance of an injunction prohibiting any conduct by it in violation of the terms of this Section. For the purposes of this section, "**Competitor**" shall mean a real estate brokerage that supports real estate agents who are not affiliated with Franchisor's franchisees and who represent consumers in the purchase, sale or lease of real estate.

9. **Authorization Non-Transferable or Assignable.**

The authorization this Addendum establishes is not transferable or assignable by either Franchisee or Mega-Associate, and no person other than Mega-Associate may derive any right to operate a Mega-Associate Office under authority of this Addendum.

10. **Effect on Franchise Agreement.**

Except as expressly modified and amended by this Addendum, the Franchise Agreement will remain in full force and effect.

11. *[Include for California]:* **[Waiver and] General Release.**

[Include for California]: **[WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.**

Franchisee, Franchisee's Operating Principal, and Mega-Associate for themselves and on behalf of the Releasing Parties (defined below), acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

With respect to those Claims being released pursuant to this Release Agreement, Franchisee, Franchisee's Operating Principal and Mega-Associate, for themselves and on behalf of the Releasing Parties, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect.

Franchisee, Franchisee's Operating Principal and Mega-Associate, for themselves and on behalf of the Releasing Parties acknowledge that this Release Agreement extends to Claims which the Releasing Parties do not know or suspect to exist in favor of the Releasing Parties at the time of executing this Release Agreement, which if known by the Releasing Parties may have materially affected their decision to enter into this Release Agreement. It

is understood by the Releasing Parties that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. The Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

RELEASE.]

Franchisee, Franchisee's Operating Principal, and Mega-Associate acknowledge and agree that Franchisor has played no material part in their reaching mutual agreement relating to the Office. Accordingly, in consideration for the authorizations set forth herein related to the Office, except for the covenants and obligations arising under this Addendum, Franchisee, Franchisee's Operating Principal, and Mega-Associate, for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former affiliates and subsidiaries, and each of their current and former respective Regional Representatives, officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, whether known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected (collectively, "Claims"), that any Releasing Party has, ever had or may in the future have against any Released Party arising under or related to the Franchise Agreement, the Market Center, this Addendum or the Office, that occurred on or before the effective date of this Addendum.

12. Covenant Not to Sue. The Releasing Parties agree not to commence any proceeding of any nature against the Released Parties based on any Claims, demand, agreement, obligation, liability or cause of action whatsoever, in law or equity, that has been released pursuant to Section 11 above. The Releasing Parties represent and warrant that they have not assigned to anyone any Claims related to the Claims described in Section 11 that may now or subsequently be asserted against the Released Parties.

13. Dispute Resolution. Any dispute under this Addendum shall be governed by and construed in accordance with the resolution of disputes under the Franchise Agreement.

14. Terminology. If Franchisee executed a Market Center License Agreement on or before March 31, 2021, the following terms may be analogous and interchangeable: Franchisee and Licensee; Market Center Franchise Agreement and Market Center License Agreement; and Franchise Agreement and License Agreement.

[COMPLETED AND EXECUTED ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Addendum on the day and year noted below.

FRANCHISOR:

KELLER WILLIAMS REALTY, LLC

By: _____

Authorized Signatory

Name: _____
Date: _____

MEGA-ASSOCIATE:

By: _____

Name: Date

FRANCHISEE:

By: _____

Name: Date
Title: Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By: _____

Name: Date

FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs only sign if OP is not a CP]

By: _____

Name: Date

By: _____

Name: Date

By: _____

Name: Date

EXHIBIT F

COMMERCIAL REAL ESTATE ADDENDUM

COMMERCIAL REAL ESTATE ADDENDUM

THIS COMMERCIAL REAL ESTATE ADDENDUM ("Addendum") is entered on _____, between Keller Williams Realty, LLC (f/k/a Keller Williams Realty, Inc.) ("Company"), and ("Franchisee") for the purpose of amending the Franchise Agreement, dated , as amended (the "Franchise Agreement"), for Keller Williams Market Center # (the "Market Center"). Defined terms not otherwise defined herein shall have the meaning attributed to them in the Franchise Agreement.

WHEREAS, the Franchise Agreement authorizes Franchisee to operate the Market Center and to use Company's proprietary System only at the location identified in the Franchise Agreement; and

WHEREAS, the System currently contemplates the providing of residential real estate brokerage services from the Market Center; and

WHEREAS, Franchisee has requested authorization to perform commercial real estate brokerage services and to list and sell commercial real estate properties (collectively, "Commercial Real Estate Activities") from the Market Center; and

WHEREAS, Company is willing to provide Franchisee the authorization to perform Commercial Real Estate Activities from the Market Center on the terms and conditions this Addendum states;

NOW THEREFORE, in consideration of the undertakings and commitments set forth herein, the parties agree as follows:

1. **Authorization to Conduct Commercial Real Estate Activities.**

(a) Subject to the terms and conditions stated in this Addendum, Company authorizes Franchisee to conduct Commercial Real Estate Activities from the Market Center and to use the Trademarks and the System in connection with the conducting of Commercial Real Estate Activities from the Market Center.

(b) Except as set forth in this Addendum, Franchisee's conducting of Commercial Real Estate Activities will be subject to all of the conditions, standards, obligations and duties that the Franchise Agreement imposes on Franchisee in connection with the operation of the Market Center, as well as any other conditions, standards, obligations and duties that Company imposes on Franchisee from time to time with respect to the conducting of Commercial Real Estate Activities in the Brand Standards Manuals or otherwise in writing. Franchisee undertakes to observe and abide by all such conditions, standards, obligations and duties related to the conducting of Commercial Real Estate Activities.

(c) Nothing contained in this Addendum shall otherwise affect any reservations of rights by Company related to the Awarded Area in the Franchise Agreement, or act as a grant of any exclusivity to Franchisee as to the conducting of Commercial Real Estate Activities in the Awarded Area.

2. **Fees**.

(a) Franchisee shall not be required to pay any initial fee for the right to conduct Commercial Real Estate Activities from the Market Center using the Marks and the System.

(b) Company may charge Franchisee a fee for the right to conduct Commercial Real Estate Activities after the date of this Addendum. Company may also charge Franchisee's Associates a fee or fees for conducting Commercial Real Estate Activities.

(c) All of Franchisee's revenue generated from the conducting of Commercial Real Estate Activities from the Market Center shall be deemed Gross Revenues for purposes of determining and paying Franchisee's monthly Production Royalty, and shall be reported on Franchisee's monthly statement of Gross Revenues and Production Royalty in such form and manner required by Company.

3. **The System**.

Franchisee and the Controlling Principals acknowledge and agree that conducting Commercial Real Estate Activities is not currently a mandatory element of the System. For purposes of this Addendum, the conducting of Commercial Real Estate Activities shall be deemed part of the System. Company expressly retains the right, now or in the future, to make the conducting of Commercial Real Estate Activities a mandatory element of the System, to make the conducting of Commercial Real Estate Activities an optional element of the System or to prohibit the conducting of Commercial Real Estate Activities under the Trademarks and the System. Franchisee and the Controlling Principals further acknowledge and agree that Company makes no specific representations or warranties regarding its providing of any special training, assistance or support that is specifically related to the conducting of Commercial Real Estate Activities.

4. **Insurance**.

Upon execution of this Addendum, Franchisee and the Controlling Principals acknowledge and agree to purchase and maintain E&O liability insurance covering the Commercial Real Estate activities and all offered ancillary practices with coverage limits not less than $2,000,000 per occurrence and $2,000,000 aggregate. Franchisee and the Controlling Principals acknowledge and agree to maintain such insurance throughout the life of this Addendum, pursuant to Section 5 of this Addendum, and to name Keller Williams Realty, LLC and Keller Williams Realty Holdings LLC as additional insureds. Company requires twice as much insurance under this Commercial Real Estate Addendum than under its residential licenses due to the potential of increased exposure caused by commercial transactions.

5. **Term and Termination.**

The term of this Addendum will equal the term of the Franchise Agreement, including any renewal terms or transfers. Notwithstanding the foregoing, Company may terminate this Addendum and Franchisee's right to conduct Commercial Real Estate Activities from the Market Center upon thirty (30) days written notice if (a) any law or regulation is passed or issued that is likely, in Company's judgment, to have a material adverse effect on the conducting of Commercial Real Estate Activities as an element of the System (b) Company determines that it is in the best interest of the System to cease the conducting of Commercial Real Estate Activities under the System and the Marks (c) Franchisee fails to obtain or maintain the insurance coverage required by Section 4 of this Addendum or (d) Company determines in its reasonable business judgment that Franchisee's continued right to conduct Commercial Real Estate Activities is likely to have an adverse effect on the profitability, financial stability or operations of the Market Center. Franchisee may terminate this Addendum upon thirty (30) days written notice if Company assesses a fee pursuant to Section 2(b) of this Addendum for the continued right to conduct Commercial Real Estate Activities from the Market Center. All of the terms, conditions, obligations, and duties imposed on Franchisee in connection with the termination of the Franchise Agreement also apply in relation to the termination of this Addendum.

6. **Authorization Non-Transferable.**

The authorization this Addendum establishes is not transferable by Franchisee, and no person other than Franchisee may derive any right to conduct Commercial Real Estate Activities under the authority of this Addendum.

7. **Effect on Franchise Agreement.**

Except as expressly modified and amended by this Addendum, the Franchise Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Addendum on the day and year first above written.

COMPANY:

KELLER WILLIAMS REALTY, LLC

By: _____

Authorized Signatory

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: Date
Title: Operating Principal

EXHIBIT G

REAL ESTATE SCHOOL PARTICIPATION ADDENDUM

REAL ESTATE SCHOOL PARTICIPATION
ADDENDUM TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") dated _____, to the KELLER WILLIAMS REALTY, LLC MARKET CENTER FRANCHISE AGREEMENT dated , (the "Franchise Agreement"), by and between KELLER WILLIAMS REALTY, LLC (f/k/a Keller Williams Realty, Inc.) ("Company") and ("Franchisee") is entered into by such parties to amend the Franchise Agreement as set forth herein. All capitalized terms not otherwise defined herein will have the same meanings ascribed to such terms in the Franchise Agreement. If Franchisee executed a Market Center License Agreement on or before March 31, 2021, the following terms may be analogous and interchangeable: Franchisee and Licensee; Market Center Franchise Agreement and Market Center Licensee Agreement; and Franchise Agreement and License Agreement. This Addendum forms an integral part of the Franchise Agreement, this Addendum being appended thereto and fully incorporated therein. All terms of the Franchise Agreement remain in effect and this Addendum shall have no effect on any term, condition, right, or obligation under the Franchise Agreement. This Addendum is solely for the purpose of setting forth the terms and conditions under which Franchisee will participate in Company's Keller Williams School of Real Estate Program (as defined below) in connection with Franchisee's Market Center as defined in the Franchise Agreement.

R E C I T A L S:

WHEREAS, Company has partnered with a third-party educational company (the "Provider") to offer individuals interested in becoming licensed real estate agents ("Student(s)") and actively licensed real estate agents the opportunity to obtain certain resources to study for their real estate agent exam or receive continuing education training (the "School"). In addition, the Company will provide access to additional materials, such as instructional documents and videos, intended to support Students in their personal and professional development (the "Prep Materials"). The School and Prep Materials shall collectively be referred to as the "Keller Williams School of Real Estate Program" or the "Program";

WHEREAS, Company developed the Program in part to allow its Franchisees who desire to participate in the Program the opportunity to offer Students free tuition to the School with the hope, and not guarantee, Students will in turn affiliate with the Market Center as a Keller Williams agent following licensure;

WHEREAS, Franchisee desires to participate in the Program in accordance with the terms and conditions described in this Addendum:

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party set forth herein, hereby agree as follows:

1. **Program Overview.**

(a) Provider will develop and provide to Franchisee a single web URL in order to access all pre-licensure and continuing education training courses and materials offered by the School (the "Portal").

(b) Each Franchisee shall designate two individuals who are in a position primarily focused on identifying new talent as the managers of enrollment of Students to the Program ("School Administrator"). School Administrator may register **an unlimited number** of Students to the Program. School Administrator shall provide transaction reporting and progress reports related to Franchisee's enrolled Students to Company, as may be requested by Company from time to time. Each School

Administrator will receive unique permissions to access the Portal, which shall not be shared with or distributed to anyone other than as expressly permitted under this Addendum. Franchisee shall notify Provider if or when there is a change of the individual designated in the School Administrator(s) role.

(c) When the School Administrator enrolls a Student in the School, School Administrator shall provide Student a course registration code specific to the Market Center operated by the Franchisee ("Student Code") and which will be used by Student to access the course registration for the prevailing set of pre-licensing learning material offered online, plus any live study groups, and downloadable course material, via the Portal ("Basic Online Enrollment"). Provider may offer additional course offerings and supplemental materials for an additional charge.

(d) Basic Online Enrollment shall be offered for licensure purposes in the state where the Market Center is physically located (the "Home State"). Franchisee may add up to two additional Border States (as defined below) for $199 per month for each Border State (the "Addon-State Fee"). A state shall be considered a "Border State" so long as:

(i) the Border State physically shares a border with the Home State; and

(ii) the Market Center has reported at least ten (10) transactions closed by agents affiliated with the Market Center in the Border State in the twelve trailing months. To ensure qualification as a Border State, Franchisee shall provide Company with requested documentation of such closed Border State transactions.

(e) Currently licensed agents and associates of Franchisee may also have access to the Portal to register and attend online continuing education courses offered by Provider ("CE Courses"). CE Courses are not included in the Basic Online Enrollment. Additionally, CE Courses are offered for a fee which is not included in the Participation Fee (described below) and shall be paid upon registration by the enrolling agent ("CE Fee"). CE Courses are offered by Provider at a discounted rate.

(f) Company will provide to Franchisee access to the Prep Materials via an online portal (the "Learning System").

(g) Franchisee acknowledges and agrees to be bound by all of the terms and provisions of the Program, including any terms of service and privacy policies maintained and/or published by Provider and Learning System and Company's related guidance and policies for participation in the Program, as and to the extent applicable and that may be communicated to Franchisee from time to time. Franchisee acknowledges each state may have specific statutory and regulatory requirements pertaining to the Program and in order to participate in the Program, Franchisee shall comply with all state specific guidance and policies for Home State and Border State participation in the Program. Franchisee further acknowledges and agrees that it shall have no right, title, interest or license with respect to any materials related to the Program nor any derivative works thereof, all of the foregoing remaining with the original rights holders thereto.

2. **Additional Terms to Participate.**

(a) Franchisee acknowledges and agrees to comply, and shall ensure all Students and School Administrators also comply, with the following terms and requirements of the Program:

(i) Student Codes used to access the Portal and any registration capabilities shall be kept hidden from mass public view, are not to be shared with any other person or entity besides the intended student recipient and shall be protected by all commercially reasonable means. For clarity, School

Administrator shall not share Student Codes over social media or with agents or leadership of the Market Center;

(ii) School Administrator(s) shall have personal, individualized interaction with each Student before the School Administrator offers a Student Code. When advertising, Franchisee shall indicate a personal interaction will need to take place before any Student may register in the Basic Online Enrollment. Company may provide examples or guidance as it deems appropriate;

(iii) Direct and automated vehicles for registration are permitted and encouraged for agent and associate enrollment in CE Courses only;

(iv) Student Codes to register for Basic Online Enrollment are intended for potential agents to be affiliated with the Market Center operated by the Franchisee. Student Codes are intended to be used specifically for the Market Center operated by the Franchisee only. Franchisee acknowledges and agrees that it shall be a violation and material breach of this Addendum (and the Franchise Agreement) for Franchisee and/or its School Administrators to share Student Codes with other Keller Williams market centers or any other competitive real estate company. If Franchisee is made aware that Student Codes are being distributed in violation of this Addendum or any guidance provided by Company, Franchisee shall immediately notify Company and Provider; and

(v) Franchisee shall not charge Student fees or tuition for Basic Online Enrollment or for Prep Materials.

(b) Franchisee, School Administrators, and any other individuals engaged by Franchisee to carry out the Program are prohibited from the following:

(i) Posting any code or Portal access, including the Student Code, on social media or in mass email communication intended for large or generic audiences;

(ii) Creating web-forms or processes to bypass human interaction and automate direct signup to become a Student. For clarity, advertising of the School is permissible if potential student is directed to a personal interaction with School Administrator;

(iii) Circumventing the Program processes, including the Portal and codes, to bulk register masses of Students; and

(iv) Distribution of Student Codes to any individual(s) until such individual(s) has been engaged personally with a School Administrator and confirmed as an individual who is directly interested in exploring becoming licensed and working within the KW franchise network.

(c) Franchisee is directly responsible for ensuring compliance with this Addendum and all terms and limitations related to the Program by all Students and School Administrators, and any violations by Students and School Administrators shall constitute material breaches imputed to Franchisee under this Addendum and the Franchise Agreement.

3. **Fees.**

(a) Franchisee acknowledges that Company incurs significant continuing costs to maintain the School and administer the Program. Accordingly, Franchisee shall pay to Company $599 per month to participate in the Program as described in this Addendum (the "Participation Fee"). The Participation Fee, any Addon-State Fee, and any other fee described in this Addendum, shall be payable by Franchisee to Company through electronic funds transfer or as otherwise specified by the Company and in

accordance with the same terms and conditions of the Franchise Agreement applicable to other monthly fees. All fees described in this Addendum shall begin to be assessed in full immediately upon access being granted to the Portal and Learning System without any proration for less than a full month of access.

(b) If the Provider does not offer Basic Online Enrollment in the Home State, the Addon-State Fee is reduced to $0.

(c) The Participation Fee includes two (2) School Administrator accounts. If Franchisee requires additional School Administrator accounts, Franchisee shall pay Company $199 per month for each additional School Administrator account. Franchisee cannot purchase more than three (3) additional School Administrator accounts. If applicable, Franchisee shall receive an additional School Administrator account for each Border State.

(d) Franchisee shall be eligible to receive 20% of any revenue collected by Provider on the CE Fee for CE Fees attributed to CE Courses that are registered by agents and associates affiliated with the Franchisee (the "CE Revenue Share"). If agents and associates have multiple franchisee affiliations, CE Revenue Share will only be attributed to the franchisee as designed in the registration system by the agent and associate. Such CE Revenue Share shall be paid quarterly to Franchisee by Company.

4. **Term and Renewal.**

(a) This Addendum shall remain in effect for a period of one (1) year from the date access is provided to the Program.

(b) So long as Franchisee is in good standing under the Franchise Agreement and this Addendum, and Company has not suspended or terminated the Program, this Addendum shall be automatically renewed pursuant to the same terms and conditions of this Addendum unless Franchisee provides its intent not to renew by written notice to Company at least 90 days before its expiration date; provided that Company may require Franchisee to sign the then current form of Real Estate School Participation Addendum, and may increase or decrease the Participation Fee and/or increase, decrease, or eliminate the CE Revenue Share, as a condition to such renewal.

(c) Upon termination or expiration of this Addendum, Company shall have the sole right and authority to immediately turn off Franchisee's and any School Administrator's access to the Program and Portal to enroll new Students, provided that at Company's and Provider's discretion any Student already enrolled and participating in the School will be permitted to continue to graduation.

5. **Default and Termination of Addendum; Interim Remedies**.

(a) Any failure by Franchisee to fully comply with any of the provisions, terms, covenants or conditions contained in this Addendum shall be a material breach of this Addendum, including but not limited to any misuse or mismanagement of the Portal or the codes. In such event the Company may, in addition to any other remedies available at law, in equity, or otherwise specified in this Addendum, terminate this Addendum on receipt of written notice to Franchisee and exercise all of its post-termination rights set forth in Section 3 of this Addendum.

(b) Notwithstanding the foregoing, upon a material breach for which Company may terminate this Addendum under Section 4(a) above, Company and Provider may, in lieu of termination, exercise any interim remedy that it deems appropriate to allow Franchisee to continue to participate in the Program, including but not limited, to nullifying and shutting down the codes that have been compromised and regenerating new codes, banning all codes associated with the Franchisee for a period of three (3)

months or any other action Company and Provider deem necessary to protect the Program. In all cases, to take advantage of any interim remedy, Franchisee must fully comply with all terms and conditions of this Addendum, including the continuing obligation to pay the Participation Fee, and the specific interim remedy instituted by Company or Provider.

(c) The obligation of Franchisee to pay the Participation Fee to Company as described in this Addendum shall survive any early termination of this Addendum.

6. **Termination or Suspension of the Program and/or this Addendum.** This Addendum shall automatically terminate upon the termination or expiration of the Franchise Agreement. Company may terminate or suspend the Program at any time, and any such termination or suspension of the Program by Company shall also automatically terminate or suspend this Addendum, as applicable. In all cases of expiration or earlier termination of this Addendum, Company and Franchisee will take all necessary steps to account for and pay all monies owed to each other (if any) under this Addendum, and Franchisee will comply with all obligations that expressly survive the termination of this Addendum, including obligations related to indemnification and dispute resolution as applicable under the Franchise Agreement.

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

COMPANY:

KELLER WILLIAMS REALTY, LLC

By: _____

Authorized Signatory

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: Date
Title: Operating Principal

EXHIBIT H

KW PREP ADDENDUM

KW PREP
ADDENDUM TO KELLER WILLIAMS REALTY, LLC
MARKET CENTER FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") dated _____, to the KELLER WILLIAMS REALTY, LLC MARKET CENTER FRANCHISE AGREEMENT dated , as amended (the "Franchise Agreement"), by and between KELLER WILLIAMS REALTY, LLC (f/k/a Keller Williams Realty, Inc.) ("Company") and , ("Franchisee") is entered into by such parties to amend the Franchise Agreement as set forth herein. All capitalized terms not otherwise defined herein will have the same meanings ascribed to such terms in the Franchise Agreement. If Franchisee executed a Market Center License Agreement on or before March 31, 2021, the following terms may be analogous and interchangeable: Franchisee and Licensee; Market Center Franchise Agreement and Market Center Licensee Agreement; and Franchise Agreement and License Agreement. This Addendum forms an integral part of the Franchise Agreement, this Addendum being appended thereto and fully incorporated therein. All terms of the Franchise Agreement remain in effect and this Addendum shall have no effect on any term, condition, right, or obligation under the Franchise Agreement. This Addendum is solely for the purpose of setting forth the terms and conditions under which Franchisee will receive access to the Prep Materials (as defined below) in connection with Franchisee's Market Center as defined in the Franchise Agreement.

R E C I T A L S:

WHEREAS, Company will provide access to additional materials, such as instructional documents and videos, intended to support current agents and potential agents (collectively, "Students") in their personal and professional development (the "Prep Materials").

WHEREAS, Company developed the Prep Materials in part to provide additional support to its franchisees who may offer training to Students with the hope, but without any guarantee, of election to affiliate with the Market Center as a Keller Williams agent following the Student's licensure;

WHEREAS, Franchisee desires to obtain access to the Prep Materials in accordance with the terms and conditions described in this Addendum:

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party set forth herein, hereby agree as follows:

1. **General Terms.**

(c) Company will provide to Franchisee access to the Prep Materials via an online portal (the "Learning System").

(b) Franchisee acknowledges and agrees to be bound by all of the terms and conditions for access to and use with respect to any Prep Materials, including any terms of service and privacy policies maintained and/or published by the Learning System and Company's related guidance and policies for access to the Prep Materials, as and to the extent applicable and that may be communicated to Franchisee from time to time. Franchisee further acknowledges, and agrees

to be bound by, any terms of service and privacy policies maintained and/or published by any third-party software provider that may provide access to the Learning System, as and to the extent applicable and that may be communicated to Franchisee from time to time. Franchisee acknowledges each state may have specific statutory and regulatory requirements pertaining to consumers and in order to participate in in this program, Franchisee shall comply with all applicable state specific laws, guidance and policies. Franchisee further acknowledges and agrees that it shall have no right, title, interest or license with respect to any Prep Materials nor any derivative works thereof, all of the foregoing remaining with the original rights holders thereto.

2. **Additional Terms to Participate.**

(a) Franchisee is directly responsible for ensuring compliance with this Addendum and all access to and use of the Prep Materials by all users authorized by Franchisee, and any violations by such users shall constitute material breaches imputed to Franchisee under this Addendum and the Franchise Agreement.

(d) Franchisee shall not charge Student fees or tuition for Prep Materials.

3. **Fees.**

Franchisee acknowledges that Company incurs significant continuing costs to develop the Prep Materials and maintain and offer access to franchisees. Accordingly, Franchisee shall pay to Company $199 per month for access to the Prep Materials as described in this Agreement (the "Participation Fee"). The Participation Fee shall be payable in accordance with the same terms and conditions of the Franchise Agreement applicable to other monthly fees and shall begin immediately once access to Learning System is granted without any proration of the Participation Fee.

4. **Term and Renewal.**

(a) This Addendum shall remain in effect for a period of one (1) year from the date access is provided to the Program.

(b) So long as Franchisee is in good standing under the Franchise Agreement and this Addendum and Company has not suspended or terminated access to and use of the Prep Materials, this Addendum shall be automatically renewed pursuant to the same terms and conditions of this Addendum unless Franchisee provides its intent not to renew written notice to Company at least ninety (90) days before its expiration date; provided that Company may require Franchisee to sign the then current form of KW Prep Addendum and may increase or decrease the Participation Fee as a condition to such renewal.

(c) Upon termination or expiration of this Addendum, Company shall have the sole right and authority to immediately turn off Franchisee's access to the Learning System and access to and use of the Prep Materials.

(d) In addition, Company shall have the right, but not the obligation, to terminate this Addendum with 30 days' written notice to Franchisee if/when third-party, pre-

licensing education is permitted in Franchisee's state, so that Franchisee can transition over to Company's then current third-party, pre-licensing education program. .

5. **Default and Termination of Addendum; Interim Remedies**.

Any failure by Franchisee to fully comply with any of the provisions, terms, covenants or conditions contained in this Addendum shall be a material breach of this Addendum, including but not limited to any misuse or mismanagement of the Prep Materials. In such event the Company may, in addition to any other remedies available at law, in equity, or otherwise specified in this Addendum, terminate this Addendum on receipt of written notice to Franchisee and exercise all of its post-termination rights set forth in Section 3 of this Addendum. Franchisee's continuing obligation to pay the Participation Fee to Company as described in this Addendum shall survive any early termination of this Addendum.

6. **Termination or Suspension of this Addendum.**

(a) This Addendum shall automatically terminate upon the termination or expiration of the Franchise Agreement.

(b) Company may terminate or suspend access to the Prep Materials at any time, and any such termination or suspension of access to the Prep Materials by Company shall also automatically terminate or suspend this Addendum, as applicable.

(c) In all cases of expiration or earlier termination of this Addendum, Company and Franchisee will take all necessary steps to account for and pay all monies owed to each other (if any) under this Addendum, and Franchisee will comply with all obligations that expressly survive the termination of this Addendum, including obligations related to indemnification and dispute resolution as applicable under the Franchise Agreement.

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

COMPANY:

KELLER WILLIAMS REALTY, LLC

By: _____

Authorized Signatory

Name: _____
Date: _____

FRANCHISEE:

By: _____

Name: Date
Title: Operating Principal

EXHIBIT I

LIST OF FRANCHISEES OPERATING MARKET CENTERS AND BUSINESS CENTERS

The following combined chart lists information regarding (1) Regions, (2) Market Centers (by State/Region), and (3) Business Centers (by affiliated Market Center), all as of our last fiscal year ended December 31, 2024

***means that the Region, Market Center or Business Center was not open as of the end of the last fiscal year (if any)**
(all Regions, Market Centers and Business Centers were open as of the end of the last fiscal year ended December 31, 2024)

NEW MARKET CENTER APPLICATION

Region: _____

Proposed MC Roster Name: _____

REQUIREMENTS

To apply for a Market Center, the items on the following pages, with accompanying documentation, must be completed and submitted to the Region Representative who will then submit to Keller Williams Realty, LLC (KW) for review.

KW will return Market Center applications to the Region without approval in the event any missing documentation or requested information is not provided within 30 days.

PART 1

- ☐ Disclosure
- ☐ Initial Information
- ☐ File Data Sheet
- ☐ Multiple Market Center Application (for existing OP's)
- ☐ Franchise Application Questionnaire and Career Visioning
- ☐ Guerrilla Warfare/Competitive Analysis
- ☐ Financial Statement
- ☐ Budget/Forecast
- ☐ Core Group
- ☐ Opening Strength
- ☐ Authorization to Proceed Package

PART 2

- ☐ Franchisee Entity Documents
- ☐ DBA Information
- ☐ Initial Capitalization
- ☐ Licenses, Memberships, Insurance, and Lease
- ☐ Proposed Site Approval
- ☐ Technology & Training
- ☐ Franchise Fee
- ☐ Review and Submit

NOTE: KW will not approve the new Market Center until there is recommendation from the Regional Representative, and all required new Franchise Agreements and related documents are fully executed. KW will notify the Market Center Operating Principal and the Regional Representative when the process is complete, and the Market Center is authorized to begin operating.

PART 1

Complete this portion of the application and submit to the Regional Director for Authorization to Proceed.

DISCLOSURE

A current Franchise Disclosure Document ("FDD") will be sent to all proposed investors in the Market Center.

Review the FDD with your advisors including attorney and/or accountant.

Item 23 (U.S.) or Disclosure Receipt (Canada) will need to be signed, dated, and returned for all proposed investors in order to proceed with this application.

☐ Item 23 (U.S.) or Disclosure Receipt (Canada) have been received for all proposed investors.

INITIAL INFORMATION

The information provided in the following File Data Sheet is used for the preparation of the Franchise Agreements and Roster information. It is important that this information is current and correct, as it will be used as the official information in your Franchise Agreement.

☐ The File Data Sheet has been completed in full.

☐ The investor/ownership section details the breakdown of all investors or entities with any direct ownership in the Market Center along with the investor's/entity's respective percentages:

(Ex:)	John Doe Enterprises, LLC		75%
	John Doe	70%	
	Jane Doe	20%	
	Robert Marks	10%	
	Jane Smith		25%

Please note if any shares are held in treasury or undistributed. The total ownership should add up to 100%.

☐ The Franchise Systems Orientation (FSO) / Investor Workshop section indicates the most recent FSO attendance dates of ALL leadership (Operating Principal (OP), Team Leader (TL) and Market Center Administrator (MCA)) and Market Center investors as well as the most recent Investor Workshop attendance dates for all investors (prior to submission of application).

FILE DATA SHEET

FRANCHISEE INFORMATION	
Region	
Franchisee Entity Name* (Name of Corp, LLC, or Partnership)	**MAY NOT INCLUDE KELLER WILLIAMS, KW, OR ANY REGISTERED TRADEMARK*
Market Center Roster Name *(Geographic Descriptor – Internal KW Roster Name)*	
Market Center DBA *(Name MC Presents to Consumers)*	
Requested Domain Name(s)	
Market Center Mailing Address	
Phone	
Is this a temporary address?	☐ No ☐ Yes - Rationale and expected date for permanent address: _____ _____
Mailing Address for Corporate Notices	☐ Same as Market Center Address ☐ Different Address (list below):

LEADERSHIP INFORMATION

Operating Principal		
Name		Franchise Systems Orientation *(date of last attendance):*
Phone		
Email		
KWUID (if applicable)		

Team Leader*		
Name		Franchise Systems Orientation *(date of last attendance):*
Phone		
Email		

Market Center Administrator*		
Name		Franchise Systems Orientation *(date of last attendance):*
Phone		
Email		

Broker		**Market Center Tech Trainer**	
Name		Name	
Phone		Phone	
Email		Email	

**Note, in accordance with the Franchise Agreement, a vacancy of these positions greater than 60 days from launch is a default.*

INVESTOR INFORMATION

Investors and their Percentages

For any entities with equity interests in the Franchisee, please provide a full ownership and the investor's respective percentage of ownership within that entity. If any investors hold their equity interest in a Trust, please indicate the type of Trust (living, revocable, etc.). ***Irrevocable Trusts are not accepted within ownership groups. A signed acknowledgement for KW's guidelines for revocable trusts must be submitted for each trust.***

Sub Entity/Name	Equity %	Email	$ Amount of Investment**	Item 23 Signed	FSO Date*	Investor Workshop Date

**Each new investor/staff must attend FSO prior to approval of the application. Attendance date for FSO must be within the last 3 years. The Investor Workshop is required for all investors prior to approval.*

***Please provide rationale if equity percentage are inconsistent relative to amount of capital invested.*

Rationale:** _____
_____
_____
_____

Ownership in other Market Centers and Ancillary Businesses *Using MC number and Roster Name, and percentages and/or ancillary businesses, i.e., Mortgage, Title, JV, etc. – please list all other ownership, including percentages, for investors below.*		
Investor Name	MC Name/# or Ancillary Business Name	Percentage Ownership

TERRITORY INFORMATION		
Proposed Territory Description (Encompassed within the following boundary)	*MUST BE PERMANENT BOUNDARIES (STREETS, STATE LINES, ZIP/POSTAL CODES, COUNTY LINES, BODIES OF WATER, ETC.) AND CONTIGIOUS. SHOULD MATCH TERRITORY MAP*	
Four Primary Areas (cities, towns, suburbs, areas, subdivisions, etc.) which the Market Center will service	1.	2.
	3.	4.
Multiple Listing Services to be Utilized by the Market Center		

MULTIPLE MARKET CENTER APPLICATION

(For existing OP's and applicable investors)

Multiple Market Center (MMC) criteria applies if: (i) the proposed OP is currently the Operating Principal of an existing Market Center; or (ii) any investor with 20% or more of the outstanding equity interests in the proposed new Market Center also owns a 20% or greater equity interest in another Market Center.

NOTE: THE REGIONAL DIRECTOR MUST HAVE VALIDATED AN EXISTING OP'S KPA AND COMPLETED THE CV PROCESS PRIOR TO SUBMISSION.

The MMC application should be approved by the Regional Representative PRIOR to the submission of this application.

If prior approval has not been given, please complete MMC Application and submit to Region.

☐ A MMC Application has been completed in full and attached; or

☐ A MMC Application does not apply.

FRANCHISE OP APPLICATION QUESTIONNAIRE

Name	
Address	
Phone	

REAL ESTATE BACKGROUND				
Starting with the present, give a brief description of your real estate background				
DATE	COMPANY	ROLE	INCOME	REASON FOR CHANGE

Have you ever sold or leased residential real estate?	☐ Yes ☐ No	If so, for how long?	
		In your selected territory?	

Have you ever managed a residential real estate office?	☐ Yes (please complete below) ☐ No				
Company:		Dates:		Location:	
Beginning associate count:		Ending associate count:		Average monthly written and closed sales volume:	
Average office listing inventory (beginning):		Average office listing inventory (ending):			
Reason for leaving:					

Describe your educational background in real estate:
LEADERSHIP EXPERIENCE
Describe your training experience and abilities with new and experienced agents:
Describe your experience with speaking before groups:

Who is the most important person in a real estate organization and why?
How would others explain your style of communicating?
List three examples of your leadership style:
1.
2.
3.
How would others describe your leadership style?
What is <u>your</u> definition of leadership?
List three examples of situations where you have demonstrated leadership:
1.
2.
3.

Do you believe you can build a Market Center to 15%+ of market share in your area successfully and profitably?	☐ Yes ☐ No	Why?	
Are you willing to commit a minimum of three to five years building a real estate company?	☐ Yes ☐ No		
Why are you the <u>best</u> candidate to own a KW Market Center in your selected territory?			

GUERRILLA WARFARE

A: MARKET RESEARCH – INDEPENDENT TERRITORY DATA

Access statistical data from a third-party source and ask for a breakdown according to the requirements. Include single family, multi-family and condos/townhomes. Some resources for the information:

- Terradatum, Inc. / BrokerMetrics® at (888) 212-4793 EXT.1 (U.S.); terradatum.com
- IMS, Inc. at (877) 785-4321; restats.com (This company can also access Canadian data)

Independent Territory Data must include the following:

- **Agent Analysis** — Number of agents who conduct business within the territory **(MODEL AGENT COUNT = Minimum 500+ Agents).**
- **Transactions** — Units sold within the territory within the past 12 months, including total volume, units and average sales price **(MODEL UNIT COUNT = Minimum 1,000+ Units).**
- **Office Analysis** — A listing of all the offices in sales volume order within the proposed territory. The analysis should include: the number of agents at each office, phone, address, and sales volume.

Independent Territory Data should be consistent with the data reflected in the Territory Data Summary (Section D).

Proposed Strategic Market Centers will be reviewed on a case-by-case basis.

NOTE: Market Research is the most time-consuming portion of the application, but it is a crucial element of your due diligence. To complete this section, you must fully evaluate the proposed territory and local competition. This will help you to determine the appropriate territory, value proposition, Company Dollar cap, fees, etc., for the proposed Market Center. This section may require 2-3 people to complete.

B: TERRITORY MAP & DESCRIPTION

☐ Include a printed map from an online service or software that clearly indicates the proposed territory along with a detailed description from starting point, back to point of origin.

1. The street names or zip codes on the map must be visible and clear, if applicable.
2. The outlines should create a complete boundary indicating a distinctive market area with the **proposed Market Center location generally at the center of the territory.**

Your Region can provide you with information regarding access to a computerized map, if you do not already have access to one.

The Regional Director and OP must sign and date the attached map.

C: MARKET ANALYSIS (ENTIRE MLS)

MARKET/MLS AND CITY INFORMATION			
Number of licensed residential Realtors® are active in your local Board of Realtors®/MLS			
Number of commercial associates are active in the MLS market area			
Total closed volume in the MLS Market area			
Current population			
5-year projected population			
What is the percentage of the dwellings for sale in the market area for:			
Single Family: _____%	Condominium: _____%	Multifamily: _____%	New Home: _____%

MARKET TRENDS		
	# of Closed Transactions in MLS	Sales Volume
Five years ago		
Three years ago		
Last year		

D: PROPOSED MARKET CENTER TERRITORY DATA

Third party data must be submitted to support this information. Data may be obtained from MLS data or third-party source, such as Broker Metrics.

☐ Attached

Provide prior 12 months data for all real estate transactions INSIDE your **proposed territory** for all brokerages.

MLS Area or Zip / Postal Code	Number of Closed Units (Single Side)	Average Sales Price	Closed Sales Volume
		$	$
		$	$
		$	$
		$	$
		$	$
TOTAL		**$**	**$**
Total number of agents that have closed transactions in **proposed territory:**			
Total number of potential cappers in **proposed territory:**			

E: COMPETITIVE ANALYSIS

COMPETITION

Number of competitive real estate firms in the proposed territory: _____

Research the top 5 residential real estate companies in the territory.

COMPANY NAME/BROKER	# OF OFFICES	# OF AGENTS	VOLUME	ACTIVE LISTINGS	MARKET SHARE %
1					
2					
3					
4					
5					

Company 1	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 2	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 3	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 4	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 5	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

COMPETITIVE COMPENSATION ANALYSIS

Agent Dollar							
Vol.	GCI	CO 1: _____	CO 2: _____	CO 3: _____	CO 4: _____	CO 5: _____	KW
$1M	$30,000						
$2M	$60,000						
$3M	$90,000						
$4M	$120,000						
$5M	$150,000						
Company Dollar							
$1M	$30,000						
$2M	$60,000						
$3M	$90,000						
$4M	$120,000						
$5M	$150,000						
Royalty							
$1M	$30,000						$1,800
$2M	$60,000						$3,000
$3M	$90,000						$3,000
$4M	$120,000						$3,000
$5M	$150,000						$3,000
Transaction Fees							

PROPOSED MARKET CENTER COMPENSATION

Commission Split(s):	_____% / _____%	Team Cap:	$
Market Center Cap:	$	Transaction Fee(s):	$

F: FINANCIAL STATEMENTS

All investors with interests of **20%** or more must include a Financial Statement. Be specific, as if you were applying for a large commercial loan.

A separate Keller Williams Financial Statement form is available for completion, or you may submit a form of your choice. The form should contain all of the information requested in the Keller Williams Financial Statement form and should be acceptable to a bank or financial group. (Alternatively, this information may be submitted directly to Director, Franchise Systems at KW.)

NOTE: **Financial Statements must be dated within the past six (6) months and signed by the investor.**

G: BUDGET/ FORECAST

☐ Attach Budget Summary and Initial Forecast Executive Summary.

H: CORE GROUP

Please complete:

- ☐ Opening Strength Worksheet
- ☐ Agent Profiles for 5 Icons
- ☐ Letter(s) for KW Agent Transfers

Unless set to a higher standard by your Region, the Core Group must include a minimum of 20 associates to submit the application. 12 of those 20 associates must be Cappers (not cap equivalents), and at least 5 of the cappers should be Icons.

NOTE: All new Market Centers are expected to transmit initially with a minimum of 40 associates.

Include an Agent Profile for each Icon. If production does not back up Icon status, include articles from publications, awards won, etc.

An Icon has:

- Proof of previous recruiting influence
- Positive background check
- Positive local reputation
- Consistently high volume
- Track record of ongoing education

KW Agent Transfers: If an associate is transferring from a Keller Williams office with a different OP, a letter from the OP of that office must be attached indicating approval of transfer.

Market Center where agents are incubating: _____

☐ Attach Incubation Agreement signed by incubating OP

OPENING STRENGTH WORKSHEET

List all Associates who will be providing Company Dollar to the Market Center.

Proposed Market Center Cap: $_____

#	Name	Current Company	Status (I, N, T) *	Current Production	Rating A - Capper B – ½ Capper C – ¼ Capper	Anticipated Company Dollar Contribution First 12 Months
CAPPERS						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
ALL OTHER ASSOCIATES						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						

TOTAL PROJECTED MARKET CENTER COMPANY $ (for first 12 months)	$
LESS: MARKET CENTER PROPOSED OPERATING BUDGET (from forecast/budget)	$
MARKET CENTER PROJECTED PROFIT	$

*Status: I – Incubating at Host MC N – New associate Commitment (non-KW) T – Transfer from other KW MC

AUTHORIZATION TO PROCEED

Regional Director _____

Region _____

Proposed OP _____

Proposed MC Name _____

This is our formal request to open a Market Center within the Region. We are including for your review the following documents, as we believe that we have met all the required criteria. Attached please find the following:

A – Market Research – Independent Territory Data
B – Territory Map & Description
C – Market Analysis (Entire MLS)
D – Proposed Market Center Territory Data
E – Competitive Analysis
F – Financial Statements
G – Budget/Forecast
H – Core Group
- Opening Strength Worksheet
- Agent Profiles
- Commitment and Confidentiality Letters

We understand that the Region will review the request, in addition to the attached information, and respond to us within 30 days from the date received. Upon approval, we will then begin Part 2 of the application process. We look forward to a favorable reply.

_____ _____
Proposed OP Signature Date

Printed Name: _____

Reply—From the Region:

☐ **Approves the Request**— Complete Part 2 of the Market Center Application Package.

☐ **Request Denied**—Please note the conditions and reasons for the denial. Submit updated information with the corrections noted. Partial packages or replacement documents will not be accepted.

_____ _____
Regional Director Signature Date

Printed Name: _____

PART 2

FRANCHISEE ENTITY DOCUMENTS

Include the following (as appropriate):

- ☐ Copy of corporate formation document as filed with the correct state/ provincial body
- ☐ Letter from the proposed OP stating that the entity has not conducted business since its formation
- ☐ Confirmation documents indicating Tax ID or EIN number
- ☐ W-9 Form
- ☐ Copy of current Operating Agreement, Bylaws or Partnership Agreement (with provisions consistent with the Franchisee's obligations under the Franchise Agreement)

NOTE: Sample Language to address the Required Provisions, and additional items to consider, are provided in the following pages. Please provide your counsel with this information as soon as you receive it to avoid costly legal review and delays in the processing of your application.

OTHER ISSUES FOR CONSIDERATION

A Market Center should ideally address in its governing documents the following issues in order to prevent possible future conflicts among the Market Center's owners/investors. We encourage you to discuss these topics with the Market Center's counsel to ensure that they are addressed to your satisfaction:

1. Are the expectations of owners/investors established and documented with respect to participation in training and other licensing requirements? If there is a limited voting role for "non-liability" owners/investors (if any), do the corporate documents establish the expectations of these "non-liability" owners/investors under the Franchise Agreement?
2. What is the process for establishing "cash calls"? What happens to the ownership interests of an owner/investor that does not meet cash calls?
3. What is the method of valuation of ownership interests that are offered for sale by owners/investors, including interests that are required to be sold by non-performing or non-compliant owners/investors?
4. Following KW's right of first refusal, who has the successive rights to purchase ownership interests that are offered for sale, and what are the valuation rules for these ownership interests?
5. Are valuation methods and terms of sale for "voluntary" offers of ownership the same as those for "involuntary" offers of ownership?
6. How are ownership interests treated upon retirement or death of an owner/investor?
7. How will the company treat a repurchase of ownership interests? Are these interests held in reserve or distributed to existing owners/investors?
8. How can the owners/investors remove its OP for non-performance? What are the criteria for removal, and how is it accomplished?
9. What is required to amend the company's governing documents? Are all owners/investors required to approve any amendment or a certain type of amendment?
10. Does the Market Center require a tax referral from a CPA (U.S) or CA (Canada) prior to any ownership transfer or repurchase?

SAMPLE LANGUAGE FOR REQUIRED PROVISIONS

The following language is intended as a sample for reference purposes only and is not intended as legal advice. You are not required to use this specific language and should consult your own attorney regarding our requirements and your entity documents. Please note that any use of all or a portion of the sample language is at your sole risk, and we make no representations or warranties regarding the sample language.

1. Definition of Operating Principal. Operating Principal shall mean an individual who is a [Sole Manager] [Chief Manager] [Principal Manager] designated by the Company and approved by KW to serve as the Company's Operating Principal and will have full authority to operate and manage the Market Center.

2. Designation of Operating Principal. The Company shall designate and retain an individual to serve as Operating Principal of the Market Center, as defined in the Franchise Agreement. The Operating Principal shall meet the qualifications and criteria established in the Franchise Agreement and Manuals and shall be acceptable to KW. Unless otherwise approved in writing by KW, the Operating Principal shall devote his or her substantial energy and best efforts to the supervision and operation of the Market Center. Unless the Company has otherwise secured the services of a real estate broker, the Operating Principal shall be a real estate broker, licensed under the laws of the state or province.

3. Authority and Control. Notwithstanding anything in this Operating Agreement to the contrary, the Operating Principal shall have substantial authority and control over the management and operation of the Market Center. The Operating Principal shall be fully authorized without further approval of the members to take or omit any action that Company is required to take or not take under the Franchise Agreement.

4. Replacement. Any replacement Operating Principal shall be subject to all requirements [this Agreement] [these Bylaws] places on the original Operating Principal.

5. Sole Purpose. The sole and exclusive purpose of the Company is to operate a Keller Williams Realty Market Center, providing real estate brokerage and core real estate services and products as are permitted by the Franchise Agreement.

6. Conflict Resolution. The Market Center Franchise Agreement with KW may contain provisions that impose other or additional requirements on the Company or its members. In case of conflict, between the Franchise Agreement and this Agreement [or these By-laws], the provisions of the Franchise Agreement will govern and control the conflict's resolution, so long as the interpretation does not violate applicable law.

7. KW Consent to Transfer / Right of First Refusal. Pursuant to the terms of the Franchise Agreement, neither the Company nor any successor to any part of the Company's interest in the Franchise Agreement, nor any [Member] [Shareholder] that directly or indirectly owns an interest in the Company, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in the Franchise Agreement, in the Market Center or in the Company without KW's prior written consent. Further, pursuant to the terms of the Franchise Agreement, KW has the first right of refusal on a proposed sale or transfer of any interests in the Company.

8. Non-Competition; Surrender of Ownership Interests. Any [Member] [Shareholder] [Partner] of the Company who owns, maintains, operates, engages in, or has any interest, or will own, maintain, operate, engage in, or have an interest during the Term of the Franchise Agreement in any real estate business that competes directly or indirectly with KW, including any real estate business that involves (i) the real estate brokerage business; or (ii) the offer, sale or operational support of businesses in the real estate brokerage business (whether as a franchisor, regional representative, area director or other similar service provider capacity); or who affiliates with a non-Keller Williams company that diverts or attempts to divert any business or customer of a Keller Williams Franchisee to any competitor by direct or indirect inducement or otherwise, must promptly transfer his or her interests in the Company according to the buy-sell provisions described in this Agreement in order to comply with the non-competition provisions in the Franchise Agreement.

Note: You should review and consider the buy-sell provisions in your corporate documents and discuss them with your ownership group.

DBA INFORMATION

Proposed DBA name: _____

*Upon KW approval, state registration will be required. Do not register until approved.

Does your state or province real estate commission or bureau require that you include the words “Realty” or “Real Estate” or some other term in advertising – from signs to websites, etc.?

☐ Yes ☐ No

INITIAL CAPITALIZATION

☐ Include a statement/letter from the corporate entity’s bank listing account name(s), number(s), and balance(s). Show proof of the required capitalization amount (minimum $150,000 in the form of cash only) specified by the Regional Director, as appropriate for your geographic area. The account(s) should be held by the corporate entity.

LICENSES, MEMBERSHIPS, INSURANCE & LEASE

Verify you have all of the licenses necessary to run and protect a real estate office in your state/province.

Some memberships cannot be obtained until you are licensed with KW and/or your state/province or municipality. However, all applications should be ready to submit at the earliest opportunity.

Contact each office and include copies of the forms listed below. The forms do not need to be completely filled out and should be sent to the pertinent office only after the application has been approved.

- ☐ State/Provincial Real Estate Commission Application
- ☐ Local Real Estate Board Application
- ☐ Application for MLS Service
- ☐ County and/or City Business License

The following will be required **upon approval** of the Market Center Application and should be submitted within 30 days of executed Franchise Agreement:

- Insurance certificates with required coverage. (The certificate should name Keller Williams Realty, LLC and Keller Williams Realty Holdings LLC, 1221 S. Mopac Expressway, Suite 110, Austin, TX 78746 as an additional insured.)
  - Comprehensive General Liability ($ 1 million per occurrence)
  - Auto Liability (for non-owned and hired autos) ($1 million combined single limit)
  - E&O Insurance ($1 million per occurrence / $2 million for commercial)
  - Workers Compensation ($500,000 minimum annual)

- Lease for Market Center

PROPOSED SITE APPROVAL

I have provided and discussed the following information with the Regional Director, with the intent of providing a world class customer experience for the Market Center's clients and associates:

- ☐ Photographs of the interior and exterior
- ☐ Paint chips, fabric swatches, photographs of furniture, etc.

TECHNOLOGY & TRAINING

Acknowledge the training facility you are responsible for establishing at your Market Center and commit to use the most current technology.

NEW TECHNOLOGY: We agree to purchase only new computer hardware, which meets or exceeds the technology recommendations from KW. _____ (initial)

TRAINING FACILITY IN THE MARKET CENTER: We commit to providing a training room with recommended technology to deliver in-person and remote KWU and Regional training. _____ (initial)

FRANCHISE FEE

☐ I acknowledge that the $35,000 Franchise Fee will be drafted via ACH by KW upon execution of the Franchise Agreement. If you are awarded a franchise, the initial franchise fee is fully earned and nonrefundable.

REVIEW & SUBMIT

Review and ensure all documents are included and in order. If further explanation is needed for any items required in this application, please include attachment. Once completed, please submit to your Region.

Applications are only submitted to KW by the Region. Please do not forward these directly to KW, as it requires Regional review, recommendation, and signature.

By signing below, I am submitting this application for a new Market Center and hereby certify that all of the information provided above is true and correct to the best of my knowledge.

_____ _____

Proposed MC OP Signature Date

Printed Name: _____

TO BE COMPLETED BY REGION

The Regional Director will complete the Career Visioning process with the OP candidate, including an in-person validation of the KPA and Comprehensive Interview. This information will be submitted separately by the Region.

Please submit:

- ☐ Approval for MMC Application (If applicable)
- ☐ The Career Visioning package for OP candidate completed in Part 1 of the application

By signing below, I hereby confirm that I have reviewed the application and recommend that the proposed new Market Center be authorized to open at the location submitted in this application.

_____ _____

Regional Director Signature Date

Printed Name: _____

_____ _____

KW Signature Date

Printed Name: _____

Title: _____

EXHIBIT J

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677
Website: http://www.dfpi.ca.gov/
Email: Ask.DFPI@dfpi.ca.gov

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706

INDIANA
Indiana Secretary of State
Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

MARYLAND
Securities Commissioner
Office of the Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Corporations and Securities Bureaus
Department of Commerce
6546 Mercantile Way
Lansing, MI 48909

MINNESOTA
Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

NEW YORK
Secretary of State of the State of New York
Division of Corporations
One Commerce Plaza
99 Washington Avenue
Suite 600
Albany, NY 12231

NORTH DAKOTA
Securities Commissioner
600 East Boulevard Avenue
State Capitol 14th Floor Dept 414
Bismarck, North Dakota 58505-0510

OREGON
Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Dt., NE, Room 410
Salem, Oregon 97301-3881

RHODE ISLAND
Director of Department of Business Regulation-
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02910

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS
Cogency Global Inc.
1601 Elm Street, Suite 4360
Dallas, Texas 75201

VIRGINIA
Clerk of the State Corporation Commission-
Tyler Building
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Washington Dept. of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater WA 98501

WISCONSIN
Administrator Director of Securities
Department of Financial Institutions
201 W. Washington Ave., Suite 300
Madison, Wisconsin 53703

EXHIBIT K

STATE ADMINISTRATORS

STATE ADMINISTRATORS

CALIFORNIA
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677
Website: http://www.dfpi.ca.gov/
Email: Ask.DFPI@dfpi.ca.gov

HAWAII
Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS
Chief, Franchise Division
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA
Secretary of State
Franchise Section, Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Office of the Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913

MINNESOTA
Franchise Examiner
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

NEBRASKA
Nebraska Department of Banking and Finance
P.O. Box 95006
Lincoln, Nebraska 68509-5006

NEW YORK
Office of Attorney General
Investor Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

NORTH DAKOTA
North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol 14th Floor Dept 414
Bismarck, North Dakota 58505-0510
701-328-4712

OREGON
Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter St. NE, Room 410
Salem, OR 97301-3881

RHODE ISLAND
Chief Securities Examiner
Director of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS
Corporations Section
Secretary of State
1019 Brazos
Austin, Texas 78701

VIRGINIA
Chief Examiner
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON
Securities Division,
Department of Financial Institutions
PO Box 41200
Olympia, WA 98504-1200.

WISCONSIN
Franchise Administrator
Department of Financial Institutions Division of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703

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KELLERWILLIAMS

United States and Canada

Policies & Guidelines Manual

Revision 3/05/2025

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KELLERWILLIAMS®

IDENTITY & STYLE GUIDE

KELLER WILLIAMS
IDENTITY & STYLE GUIDE

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Participant Guide

Franchise Systems Orientation

Millionaire Brokerage Entrepreneur

kw UNIVERSITY

kw Where Entrepreneurs Thrive

v32 Feb 2025

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EXPANSION SYSTEMS ORIENTATION

LEADING THE NEXT REAL ESTATE EVOLUTION

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MARKET CENTER DEVELOPMENT GUIDEBOOK

- Instructor Version

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EXHIBIT M

SAMPLE FORM OF GENERAL RELEASE

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "Release Agreement") is made and entered into on _____, by and between Keller Williams Realty, LLC (f/k/a Keller Williams Realty, Inc.), a Texas limited liability company ("Franchisor"), ("Franchisee"), ("Franchisee's Operating Principal"), and ("Franchisee's Controlling Principals").

RECITALS

WHEREAS, Franchisor and Franchisee entered into that certain Franchise Agreement (the "Franchise Agreement") dated [original opening date of MC], for the establishment of a franchised business located at (the "Market Center");

WHEREAS, Franchisee desires to enter into a new Franchise Agreement or transfer the Franchise Agreement; and

WHEREAS, the Franchise Agreement conditions the grant of a new Franchise Agreement or transfer of the Franchise Agreement on Franchisee's agreement to (i) release Franchisor of all claims that Franchisee may have against Franchisor and (ii) indemnify Franchisor with respect to claims brought by any members of Franchisee's Group.

[If the release is being granted in exchange for something else (rather than the granting of a transfer or new MCFA), the paragraphs above should be changed to reflect that – ask for Legal's help in doing this.]

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

AGREEMENT

1. [WAIVER AND] RELEASE. [*delete the words "waiver and" if this is a non-California franchisee]*

[*FOR CALIFORNIA FRANCHISEES ONLY – INCLUDE THE WAIVER SECTION BELOW*]

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

Franchisee, Franchisee's Operating Principal, and Franchisee's Controlling Principals, for themselves and on behalf of the Releasing Parties (defined below), acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

With respect to those claims, demands, obligations, liabilities, actions, and causes of actions being released pursuant to this Release Agreement, Franchisee, Franchisee's Operating Principal and Franchisee's Controlling Principals, for themselves and on behalf of the Releasing Parties, acknowledge that they are releasing unknown claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect.

Franchisee, Franchisee's Operating Principal and Franchisee's Controlling Principals, for themselves and on behalf of the Releasing Parties acknowledge that this Release Agreement extends to claims which the Releasing Parties do not know or suspect to exist in favor of the Releasing Parties at the time of executing this Release Agreement, which if known by the Releasing Parties may have materially affected their decision to enter into this Release Agreement. It is understood by the Releasing Parties that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. The Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

RELEASE

Franchisee, Franchisee's Operating Principal, and Franchisee's Controlling Principals for themselves and on behalf of their current and former officers, directors, managers, shareholders, members, partners, affiliates, agents, attorneys, representatives, predecessors, successors, and assigns (collectively, the "Releasing Parties") absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former affiliates and subsidiaries, and each of their current and former respective Regional Representatives, successors, shareholders, representatives, assigns, agents, attorneys, employees, officers, directors, members, managers and partners (collectively, the "Released Parties"), of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action whatsoever, in law or equity, whether known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected (collectively, "Claims") that any Releasing Party has, ever had, or may in the future have against any Released Party for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the date of this Agreement arising under or related to the Franchise Agreement (including any amendments or addendums thereto), Franchisee's rights to operate the Market Center under the System, the Trademarks, the Confidential Information, and all other Franchisor-related rights or obligations under any other agreements between Franchisor and any Releasing Party or their affiliates. For the avoidance of doubt, the Releasing Parties do not release any rights they have against the Released Parties under, or pursuant to, this Release Agreement.

2. COVENANT NOT TO SUE. The Releasing Parties agree not to commence any proceeding of any nature against the Released Parties based on any claim, demand, agreement, obligation, liability or cause of action whatsoever, in law or equity, that has been released pursuant to Section 1 above. The Releasing Parties represent and warrant that they have not assigned to anyone any claim related to the claims described in Section 1 that may now or subsequently be asserted against the Released Parties.

2. AUTHORITY. By executing this Release Agreement, the parties represent and warrant that each have the right and authority to enter into and to accept the terms and covenants of this Release Agreement, and that no third party has or claims an interest in any claim released by this Release Agreement.

3. NO CONFLICTS. Each of the undersigned hereby represents and warrants that its execution of this Release Agreement does not violate any other agreement to which it is a party.

4. INDEMNIFICATION. Franchisee, Franchisee's Operating Principal, and Franchisee's Controlling Principals shall fully indemnify, defend, and hold Franchisor and its current and former subsidiaries and affiliates, and each of their respective current and former Regional Representative, successors, representatives and assigns, and the respective directors, officers, owners, members, managers, partners, employers, representatives, agents, independent contractors and associates of each of the foregoing harmless, including cost of separate counsel of Franchisor's choosing, for any Claim related to any breach by any Releasing Party of any representation, warranty, covenant, or other obligation set out in this Release Agreement, including, but not limited to, the bringing of any Claim released under this Release Agreement by any Releasing Party and/or any member(s) of Franchisee's Group. Franchisee expressly agrees that the terms of this Section 4 supplement and add to Franchisee's general indemnification obligations the Franchise Agreement. For the purposes of this Section 4, the term "Claims" shall include reasonable attorneys' fees.

5. MISCELLANEOUS.

5.1 Counterparts. This Release Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

5.2 Effectiveness. This Release Agreement shall take effect upon its execution and dating by Franchisor.

5.3 Opportunity to Review. Franchisee, Franchisee's Operating Principal, and Franchisee's Controlling Principals represent and warrant that they: (i) have had an opportunity to review this Release Agreement; (ii) have had an opportunity to consult with an attorney; and (iii) fully understand the content and legal effect of this Release Agreement.

5.4 Entire Agreement. This Release Agreement, together with the Franchise Agreement and all addenda, amendments, exhibits, and schedules thereto represents the complete, integrated and entire agreement between the parties regarding the subject matter contained herein, and may not be modified except in a writing signed by the parties. To the extent of any conflict between this Release Agreement and the Franchise Agreement, the Franchise Agreement shall control.

5.5 Governing Law. This Release Agreement shall be governed by the laws of the State of Texas, which laws shall be controlling in the event of any conflict of law. The parties agree that venue for any matter related to this Agreement shall be in Travis County, Texas.

5.6 Section Headings. The section headings of this Release Agreement are for the convenience of the parties only and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties.

5.7 Severability. The provisions of this Release Agreement are severable, and, in the event that any of them is held void and unenforceable as a matter of law, the remainder shall continue in full force and effect.

5.8 Waiver. No delay or omission by the parties hereto to exercise any right or power hereunder shall impair such right or power or be construed to be a waiver thereof.

5.9 Definitions. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Release Agreement as of the date first above written.

FRANCHISOR:
KELLER WILLIAMS REALTY, LLC

By:_____

Authorized Signatory

Name:_____
Date:_____

FRANCHISEE:

By:_____

Name: Date
Title: Operating Principal

FRANCHISEE'S OPERATING PRINCIPAL:

By:_____

Name: Date
Title: Operating Principal

FRANCHISEE'S CONTROLLING PRINCIPALS:

By:_____

Name: Date

By:_____

Name: Date

By:_____

Name: Date

EXHIBIT N

REGIONAL REPRESENTATIVES

REGIONAL REPRESENTATIVES

The following is supplemental disclosure concerning Regional Representatives who may assist us in the offering of Market Centers in their designated region, which may include your Market Center. The representatives listed below will receive a commission if they participate in the sale of the franchise to you. The representatives listed do not have the authority to negotiate the offer of the Franchise Agreement or to otherwise contract or act on our behalf. We will not be bound by any statements or representations they may make, and we are under no obligation to offer a Franchise Agreement or any other rights to anyone whom they refer to us.

California – Central and Southern Region

We have authorized CalTex Millennium, LLC ("CalTex") to act as our Regional Representative in the California - Central and Southern Region. CalTex maintains its principal place of business at 15910 Ventura Blvd., Suite 101, Encino, CA 91436, (469) 222-5788.

California - Inland Empire Region

We have authorized Inland Empire Region, LLC ("Inland Empire") to act as our Regional Representative in the California - Inland Empire Region. Inland Empire maintains its principal place of business at 27290 Madison Ave., Suite 210, Temecula, CA 92590, (951) 252-9065

California - LA Coastal Region

We have authorized ProfitED, LLC ("ProfitED") to act as our Regional Representative in the California - LA Coastal Region. ProfitED maintains its principal place of business at 23670 Hawthorne Blvd, Suite 100, Torrance, CA 90505, (310) 375-3511.

California - Northern and Hawaii Region

We have authorized Northern California Region, LLC ("Northern California") to act as our Regional Representative in the California - Northern and Hawaii Region. Northern California maintains its principal place of business at 548 Gibson Dr. #200, Roseville, CA 95678, (925) 260-2083.

California - Southern Region

We have authorized 10Ants Southern California, Ltd. ("10Ants") to act as our Regional Representative in the California - Southern Region. 10Ants maintains its principal place of business at 3941 Park Dr., Ste 20-272, El Dorado Hills, CA 95762, (916) 235-6855.

Canada Region

We have authorized Maple Leaf Regional Investors ULC ("Maple Leaf") to act as our Regional Representative in the Canada Region. Maple Leaf maintains its principal place of business at 231 Eight Mile Point Rd., Oro-Medonte, Ontario L3V 0K2, Canada, (360) 840-0398.

Florida-North Region

We have authorized Tropical Partners, LLC, ("Tropical Partners") to act as our Regional Representative in the Florida-North Region. Tropical Partners maintains its principal place of business at 6900 Turkey Lake Road, Suite 1-3, Orlando, FL 32819, (407) 446-6833.

Gulf States Region

We have authorized Gulf States Team Integrity, LLC ("Gulf States") to act as our Regional Representative in the Gulf States Region. Gulf States maintains its principal place of business at 00 Asma Blvd., Suite 100, Lafayette, LA 70508, (225) 302-4875.

Heartland-Greater Region

We have authorized Greater Heartland Region, LP ("Greater Heartland") to act as our Regional Representative in the Heartland-Greater Region. Greater Heartland maintains its principal place of business at 200 N Mesquite St., #202, Arlington, TX 76011, (314) 485-7260.

New England Region

We have authorized New England Region 17, LLC. ("New England Region 17") to act as our Regional Representative in the New England Region. New England Region 17 maintains its principal place of business 50 Lafayette Road, #210, Portsmouth, NH 03801, (603) 610-8500.

New York – Manhattan Region

We have authorized Region 35, LLC ("Region 35") to act as our Regional Representative in the New York–Manhattan Region. Region 35 maintains its principal place of business at 360 Madison Ave, New York, NY 10017,44 Whippany Rd., Ste. 230, Morristown, NJ 07960 (678) 775-2751.

New York-Upstate Region

We have authorized Region 34, UNY Region, LLC ("UNY Region") to act as our Regional Representative for the New York-Upstate Region. UNY Region maintains its principal place of business at 26 Bergen Woods, Cohoes, NY 12047, (518) 229-9099.

New York-Tri State Region

We have authorized Region 27, LLC ("Region 27") to act as our Regional Representative for the New York-Tri State Region. Region 27 maintains its principal place of business at 518 Millburn Ave, Short Hills, NJ 0707844 Whippany Road, Suite 230, Morristown, NJ 07960, (609) 558-9668.

Ohio Valley Region

We have authorized M-Profit, Inc. ("M-Profit") to act as our Regional Representative for the Ohio Valley Region. M-Profit maintains its principal place of business at 2835 Miami Village Dr., Suite 102, Miamisburg, OH 45342, (972) 221-7405.

Oklahoma Region

We have authorized OK-Region L.P. ("OK-Region") to act as our Regional Representative for the Oklahoma Region. OK-Region maintains its principal place of business at 5629 N. Classen Blvd., Oklahoma City, OK 73118, (405) 412-9161.

Pennsylvania- Greater Region

We have authorized Distinctive Realty, LLC ("Distinctive Realty") to act as our Regional Representative for the Pennsylvania-Greater Region. Distinctive Realty maintains its principal place of business at 381 Egg Harbor Rd, Sewell, NJ 08080, (303) 204-0850.

Southeast Region

We have authorized R-19, LLC ("R-19") to act as our Regional Representative for the Southeast Region. R-19 maintains its principal place of business at Two Ravinia Drive, Ste. 110, Atlanta, GA 30346, (404) 531-3261.

Texas-NNMM Region

We have authorized Tilford, Ltd, ("Tilford") to act as our Regional Representative in the Texas-NNMM Region. Tilford maintains its principal place of business at 200 N. Mesquite Street, Suite 202, Arlington, TX 76011, (817) 754-0736.

Utah Region

We have authorized SPA, LLC ("SPA") to act as our Regional Representative in the Utah Region. SPA maintains its principal place of business at 1265 E Fort Union Blvd #300, Cottonwood Heights, UT 84047, (801) 616-0050.

Virginia Region

We have authorized Richlee, LLC ("Richlee") to act as our Regional Representative for the Virginia Region. Richlee maintains its principal place of business at 8100 Ashton Avenue, Suite 104, Manassas, VA 20109, (703) 335-8000.

EXHIBIT O

APPLICATION DOCUMENTS

NEW MARKET CENTER APPLICATION

Region: _____

Proposed MC Roster Name: _____

REQUIREMENTS

To apply for a Market Center, the items on the following pages, with accompanying documentation, must be completed and submitted to the Region Representative who will then submit to Keller Williams Realty, LLC (KW) for review.

KW will return Market Center applications to the Region without approval in the event any missing documentation or requested information is not provided within 30 days.

PART 1

- ☐ Disclosure
- ☐ Initial Information
- ☐ File Data Sheet
- ☐ Multiple Market Center Application (for existing OP's)
- ☐ Franchise Application Questionnaire and Career Visioning
- ☐ Guerrilla Warfare/Competitive Analysis
- ☐ Financial Statement
- ☐ Budget/Forecast
- ☐ Core Group
- ☐ Opening Strength
- ☐ Authorization to Proceed Package

PART 2

- ☐ Franchisee Entity Documents
- ☐ DBA Information
- ☐ Initial Capitalization
- ☐ Licenses, Memberships, Insurance, and Lease
- ☐ Proposed Site Approval
- ☐ Technology & Training
- ☐ Franchise Fee
- ☐ Review and Submit

NOTE: KW will not approve the new Market Center until there is recommendation from the Regional Representative, and all required new Franchise Agreements and related documents are fully executed. KW will notify the Market Center Operating Principal and the Regional Representative when the process is complete, and the Market Center is authorized to begin operating.

PART 1

Complete this portion of the application and submit to the Regional Director for Authorization to Proceed.

DISCLOSURE

A current Franchise Disclosure Document ("FDD") will be sent to all proposed investors in the Market Center.

Review the FDD with your advisors including attorney and/or accountant.

Item 23 (U.S.) or Disclosure Receipt (Canada) will need to be signed, dated, and returned for all proposed investors in order to proceed with this application.

☐ Item 23 (U.S.) or Disclosure Receipt (Canada) have been received for all proposed investors.

INITIAL INFORMATION

The information provided in the following File Data Sheet is used for the preparation of the Franchise Agreements and Roster information. It is important that this information is current and correct, as it will be used as the official information in your Franchise Agreement.

☐ The File Data Sheet has been completed in full.

☐ The investor/ownership section details the breakdown of all investors or entities with any direct ownership in the Market Center along with the investor's/entity's respective percentages:

(Ex:)	John Doe Enterprises, LLC		75%
	John Doe	70%	
	Jane Doe	20%	
	Robert Marks	10%	
	Jane Smith		25%

Please note if any shares are held in treasury or undistributed. The total ownership should add up to 100%.

☐ The Franchise Systems Orientation (FSO) / Investor Workshop section indicates the most recent FSO attendance dates of ALL leadership (Operating Principal (OP), Team Leader (TL) and Market Center Administrator (MCA)) and Market Center investors as well as the most recent Investor Workshop attendance dates for all investors (prior to submission of application).

FILE DATA SHEET

FRANCHISEE INFORMATION	
Region	
Franchisee Entity Name* (Name of Corp, LLC, or Partnership)	**MAY NOT INCLUDE KELLER WILLIAMS, KW, OR ANY REGISTERED TRADEMARK*
Market Center Roster Name *(Geographic Descriptor – Internal KW Roster Name)*	
Market Center DBA *(Name MC Presents to Consumers)*	
Requested Domain Name(s)	
Market Center Mailing Address	
Phone	
Is this a temporary address?	☐ No ☐ Yes - Rationale and expected date for permanent address: _____ _____
Mailing Address for Corporate Notices	☐ Same as Market Center Address ☐ Different Address (list below):

LEADERSHIP INFORMATION

Operating Principal		
Name		Franchise Systems Orientation *(date of last attendance):*
Phone		
Email		
KWUID (if applicable)		

Team Leader*		
Name		Franchise Systems Orientation *(date of last attendance):*
Phone		
Email		

Market Center Administrator*		
Name		Franchise Systems Orientation *(date of last attendance):*
Phone		
Email		

Broker		**Market Center Tech Trainer**	
Name		Name	
Phone		Phone	
Email		Email	

**Note, in accordance with the Franchise Agreement, a vacancy of these positions greater than 60 days from launch is a default.*

INVESTOR INFORMATION

Investors and their Percentages

For any entities with equity interests in the Franchisee, please provide a full ownership and the investor's respective percentage of ownership within that entity. If any investors hold their equity interest in a Trust, please indicate the type of Trust (living, revocable, etc.). ***Irrevocable Trusts are not accepted within ownership groups. A signed acknowledgement for KW's guidelines for revocable trusts must be submitted for each trust.***

Sub Entity/Name	Equity %	Email	$ Amount of Investment**	Item 23 Signed	FSO Date*	Investor Workshop Date

**Each new investor/staff must attend FSO prior to approval of the application. Attendance date for FSO must be within the last 3 years. The Investor Workshop is required for all investors prior to approval.*

***Please provide rationale if equity percentage are inconsistent relative to amount of capital invested.*

Rationale:** _____
_____
_____
_____

Ownership in other Market Centers and Ancillary Businesses *Using MC number and Roster Name, and percentages and/or ancillary businesses, i.e., Mortgage, Title, JV, etc. – please list all other ownership, including percentages, for investors below.*		
Investor Name	MC Name/# or Ancillary Business Name	Percentage Ownership

TERRITORY INFORMATION		
Proposed Territory Description (Encompassed within the following boundary)	*MUST BE PERMANENT BOUNDARIES (STREETS, STATE LINES, ZIP/POSTAL CODES, COUNTY LINES, BODIES OF WATER, ETC.) AND CONTIGIOUS. SHOULD MATCH TERRITORY MAP*	
Four Primary Areas (cities, towns, suburbs, areas, subdivisions, etc.) which the Market Center will service	1.	2.
	3.	4.
Multiple Listing Services to be Utilized by the Market Center		

MULTIPLE MARKET CENTER APPLICATION

(For existing OP's and applicable investors)

Multiple Market Center (MMC) criteria applies if: (i) the proposed OP is currently the Operating Principal of an existing Market Center; or (ii) any investor with 20% or more of the outstanding equity interests in the proposed new Market Center also owns a 20% or greater equity interest in another Market Center.

NOTE: THE REGIONAL DIRECTOR MUST HAVE VALIDATED AN EXISTING OP'S KPA AND COMPLETED THE CV PROCESS PRIOR TO SUBMISSION.

The MMC application should be approved by the Regional Representative PRIOR to the submission of this application.

If prior approval has not been given, please complete MMC Application and submit to Region.

☐ A MMC Application has been completed in full and attached; or

☐ A MMC Application does not apply.

FRANCHISE OP APPLICATION QUESTIONNAIRE

Name	
Address	
Phone	

REAL ESTATE BACKGROUND				
Starting with the present, give a brief description of your real estate background				
DATE	COMPANY	ROLE	INCOME	REASON FOR CHANGE

Have you ever sold or leased residential real estate?	☐ Yes ☐ No	If so, for how long?	
		In your selected territory?	

Have you ever managed a residential real estate office?	☐ Yes (please complete below) ☐ No				
Company:		Dates:		Location:	
Beginning associate count:		Ending associate count:		Average monthly written and closed sales volume:	
Average office listing inventory (beginning):		Average office listing inventory (ending):			
Reason for leaving:					

Describe your educational background in real estate:
LEADERSHIP EXPERIENCE
Describe your training experience and abilities with new and experienced agents:
Describe your experience with speaking before groups:

Who is the most important person in a real estate organization and why?
How would others explain your style of communicating?
List three examples of your leadership style:
1.
2.
3.
How would others describe your leadership style?
What is <u>your</u> definition of leadership?
List three examples of situations where you have demonstrated leadership:
1.
2.
3.

Do you believe you can build a Market Center to 15%+ of market share in your area successfully and profitably?	☐ Yes ☐ No	Why?	
Are you willing to commit a minimum of three to five years building a real estate company?	☐ Yes ☐ No		
Why are you the <u>best</u> candidate to own a KW Market Center in your selected territory?			

GUERRILLA WARFARE

A: MARKET RESEARCH – INDEPENDENT TERRITORY DATA

Access statistical data from a third-party source and ask for a breakdown according to the requirements. Include single family, multi-family and condos/townhomes. Some resources for the information:

- Terradatum, Inc. / BrokerMetrics® at (888) 212-4793 EXT.1 (U.S.); terradatum.com
- IMS, Inc. at (877) 785-4321; restats.com (This company can also access Canadian data)

Independent Territory Data must include the following:

- **Agent Analysis** — Number of agents who conduct business within the territory **(MODEL AGENT COUNT = Minimum 500+ Agents).**
- **Transactions** — Units sold within the territory within the past 12 months, including total volume, units and average sales price **(MODEL UNIT COUNT = Minimum 1,000+ Units).**
- **Office Analysis** — A listing of all the offices in sales volume order within the proposed territory. The analysis should include: the number of agents at each office, phone, address, and sales volume.

Independent Territory Data should be consistent with the data reflected in the Territory Data Summary (Section D).

Proposed Strategic Market Centers will be reviewed on a case-by-case basis.

NOTE: Market Research is the most time-consuming portion of the application, but it is a crucial element of your due diligence. To complete this section, you must fully evaluate the proposed territory and local competition. This will help you to determine the appropriate territory, value proposition, Company Dollar cap, fees, etc., for the proposed Market Center. This section may require 2-3 people to complete.

B: TERRITORY MAP & DESCRIPTION

☐ Include a printed map from an online service or software that clearly indicates the proposed territory along with a detailed description from starting point, back to point of origin.

1. The street names or zip codes on the map must be visible and clear, if applicable.
2. The outlines should create a complete boundary indicating a distinctive market area with the **proposed Market Center location generally at the center of the territory.**

Your Region can provide you with information regarding access to a computerized map, if you do not already have access to one.

The Regional Director and OP must sign and date the attached map.

C: MARKET ANALYSIS (ENTIRE MLS)

MARKET/MLS AND CITY INFORMATION			
Number of licensed residential Realtors® are active in your local Board of Realtors®/MLS			
Number of commercial associates are active in the MLS market area			
Total closed volume in the MLS Market area			
Current population			
5-year projected population			
What is the percentage of the dwellings for sale in the market area for:			
Single Family: _____%	Condominium: _____%	Multifamily: _____%	New Home: _____%

MARKET TRENDS		
	# of Closed Transactions in MLS	Sales Volume
Five years ago		
Three years ago		
Last year		

D: PROPOSED MARKET CENTER TERRITORY DATA

Third party data must be submitted to support this information. Data may be obtained from MLS data or third-party source, such as Broker Metrics.

☐ Attached

Provide prior 12 months data for all real estate transactions INSIDE your **proposed territory** for all brokerages.

MLS Area or Zip / Postal Code	Number of Closed Units (Single Side)	Average Sales Price	Closed Sales Volume
		$	$
		$	$
		$	$
		$	$
		$	$
TOTAL		**$**	**$**
Total number of agents that have closed transactions in **proposed territory:**			
Total number of potential cappers in **proposed territory:**			

E: COMPETITIVE ANALYSIS

COMPETITION

Number of competitive real estate firms in the proposed territory: _____

Research the top 5 residential real estate companies in the territory.

COMPANY NAME/BROKER	# OF OFFICES	# OF AGENTS	VOLUME	ACTIVE LISTINGS	MARKET SHARE %
1					
2					
3					
4					
5					

Company 1	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 2	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 3	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 4	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

Company 5	
Describe the competitor's market position, strengths, weaknesses, and competitive advantages.	
Company/Market Position:	
Strengths/Advantages:	
Weaknesses/Disadvantages:	
Office/Training:	
Start-Up & Other Costs:	
Commission Split	_____% / _____%
Cap	$
Team Cap	$
Transaction Fee(s)	$
Desk Fees	$
Additional Comments:	
Attach a photo of office exterior	

COMPETITIVE COMPENSATION ANALYSIS

Agent Dollar							
Vol.	GCI	CO 1: _____	CO 2: _____	CO 3: _____	CO 4: _____	CO 5: _____	KW
$1M	$30,000						
$2M	$60,000						
$3M	$90,000						
$4M	$120,000						
$5M	$150,000						
Company Dollar							
$1M	$30,000						
$2M	$60,000						
$3M	$90,000						
$4M	$120,000						
$5M	$150,000						
Royalty							
$1M	$30,000						$1,800
$2M	$60,000						$3,000
$3M	$90,000						$3,000
$4M	$120,000						$3,000
$5M	$150,000						$3,000
Transaction Fees							

PROPOSED MARKET CENTER COMPENSATION

Commission Split(s):	_____% / _____%	Team Cap:	$
Market Center Cap:	$	Transaction Fee(s):	$

F: FINANCIAL STATEMENTS

All investors with interests of **20%** or more must include a Financial Statement. Be specific, as if you were applying for a large commercial loan.

A separate Keller Williams Financial Statement form is available for completion, or you may submit a form of your choice. The form should contain all of the information requested in the Keller Williams Financial Statement form and should be acceptable to a bank or financial group. (Alternatively, this information may be submitted directly to Director, Franchise Systems at KW.)

NOTE: **Financial Statements must be dated within the past six (6) months and signed by the investor.**

G: BUDGET/ FORECAST

☐ Attach Budget Summary and Initial Forecast Executive Summary.

H: CORE GROUP

Please complete:

- ☐ Opening Strength Worksheet
- ☐ Agent Profiles for 5 Icons
- ☐ Letter(s) for KW Agent Transfers

Unless set to a higher standard by your Region, the Core Group must include a minimum of 20 associates to submit the application. 12 of those 20 associates must be Cappers (not cap equivalents), and at least 5 of the cappers should be Icons.

NOTE: All new Market Centers are expected to transmit initially with a minimum of 40 associates.

Include an Agent Profile for each Icon. If production does not back up Icon status, include articles from publications, awards won, etc.

An Icon has:

- Proof of previous recruiting influence
- Positive background check
- Positive local reputation
- Consistently high volume
- Track record of ongoing education

KW Agent Transfers: If an associate is transferring from a Keller Williams office with a different OP, a letter from the OP of that office must be attached indicating approval of transfer.

Market Center where agents are incubating: _____

☐ Attach Incubation Agreement signed by incubating OP

OPENING STRENGTH WORKSHEET

List all Associates who will be providing Company Dollar to the Market Center.

Proposed Market Center Cap: $_____

#	Name	Current Company	Status (I, N, T) *	Current Production	Rating A - Capper B – ½ Capper C – ¼ Capper	Anticipated Company Dollar Contribution First 12 Months
CAPPERS						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
ALL OTHER ASSOCIATES						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						

TOTAL PROJECTED MARKET CENTER COMPANY $ (for first 12 months)	$
LESS: MARKET CENTER PROPOSED OPERATING BUDGET (from forecast/budget)	$
MARKET CENTER PROJECTED PROFIT	$

*Status: I – Incubating at Host MC N – New associate Commitment (non-KW) T – Transfer from other KW MC

AUTHORIZATION TO PROCEED

Regional Director _____

Region _____

Proposed OP _____

Proposed MC Name _____

This is our formal request to open a Market Center within the Region. We are including for your review the following documents, as we believe that we have met all the required criteria. Attached please find the following:

A – Market Research – Independent Territory Data
B – Territory Map & Description
C – Market Analysis (Entire MLS)
D – Proposed Market Center Territory Data
E – Competitive Analysis
F – Financial Statements
G – Budget/Forecast
H – Core Group
- Opening Strength Worksheet
- Agent Profiles
- Commitment and Confidentiality Letters

We understand that the Region will review the request, in addition to the attached information, and respond to us within 30 days from the date received. Upon approval, we will then begin Part 2 of the application process. We look forward to a favorable reply.

_____ _____
Proposed OP Signature Date

Printed Name: _____

Reply—From the Region:

☐ **Approves the Request**— Complete Part 2 of the Market Center Application Package.

☐ **Request Denied**—Please note the conditions and reasons for the denial. Submit updated information with the corrections noted. Partial packages or replacement documents will not be accepted.

_____ _____
Regional Director Signature Date

Printed Name: _____

PART 2

FRANCHISEE ENTITY DOCUMENTS

Include the following (as appropriate):

- ☐ Copy of corporate formation document as filed with the correct state/ provincial body
- ☐ Letter from the proposed OP stating that the entity has not conducted business since its formation
- ☐ Confirmation documents indicating Tax ID or EIN number
- ☐ W-9 Form
- ☐ Copy of current Operating Agreement, Bylaws or Partnership Agreement (with provisions consistent with the Franchisee's obligations under the Franchise Agreement)

NOTE: Sample Language to address the Required Provisions, and additional items to consider, are provided in the following pages. Please provide your counsel with this information as soon as you receive it to avoid costly legal review and delays in the processing of your application.

OTHER ISSUES FOR CONSIDERATION

A Market Center should ideally address in its governing documents the following issues in order to prevent possible future conflicts among the Market Center's owners/investors. We encourage you to discuss these topics with the Market Center's counsel to ensure that they are addressed to your satisfaction:

1. Are the expectations of owners/investors established and documented with respect to participation in training and other licensing requirements? If there is a limited voting role for "non-liability" owners/investors (if any), do the corporate documents establish the expectations of these "non-liability" owners/investors under the Franchise Agreement?
2. What is the process for establishing "cash calls"? What happens to the ownership interests of an owner/investor that does not meet cash calls?
3. What is the method of valuation of ownership interests that are offered for sale by owners/investors, including interests that are required to be sold by non-performing or non-compliant owners/investors?
4. Following KW's right of first refusal, who has the successive rights to purchase ownership interests that are offered for sale, and what are the valuation rules for these ownership interests?
5. Are valuation methods and terms of sale for "voluntary" offers of ownership the same as those for "involuntary" offers of ownership?
6. How are ownership interests treated upon retirement or death of an owner/investor?
7. How will the company treat a repurchase of ownership interests? Are these interests held in reserve or distributed to existing owners/investors?
8. How can the owners/investors remove its OP for non-performance? What are the criteria for removal, and how is it accomplished?
9. What is required to amend the company's governing documents? Are all owners/investors required to approve any amendment or a certain type of amendment?
10. Does the Market Center require a tax referral from a CPA (U.S) or CA (Canada) prior to any ownership transfer or repurchase?

SAMPLE LANGUAGE FOR REQUIRED PROVISIONS

The following language is intended as a sample for reference purposes only and is not intended as legal advice. You are not required to use this specific language and should consult your own attorney regarding our requirements and your entity documents. Please note that any use of all or a portion of the sample language is at your sole risk, and we make no representations or warranties regarding the sample language.

1. Definition of Operating Principal. Operating Principal shall mean an individual who is a [Sole Manager] [Chief Manager] [Principal Manager] designated by the Company and approved by KW to serve as the Company's Operating Principal and will have full authority to operate and manage the Market Center.

2. Designation of Operating Principal. The Company shall designate and retain an individual to serve as Operating Principal of the Market Center, as defined in the Franchise Agreement. The Operating Principal shall meet the qualifications and criteria established in the Franchise Agreement and Manuals and shall be acceptable to KW. Unless otherwise approved in writing by KW, the Operating Principal shall devote his or her substantial energy and best efforts to the supervision and operation of the Market Center. Unless the Company has otherwise secured the services of a real estate broker, the Operating Principal shall be a real estate broker, licensed under the laws of the state or province.

3. Authority and Control. Notwithstanding anything in this Operating Agreement to the contrary, the Operating Principal shall have substantial authority and control over the management and operation of the Market Center. The Operating Principal shall be fully authorized without further approval of the members to take or omit any action that Company is required to take or not take under the Franchise Agreement.

4. Replacement. Any replacement Operating Principal shall be subject to all requirements [this Agreement] [these Bylaws] places on the original Operating Principal.

5. Sole Purpose. The sole and exclusive purpose of the Company is to operate a Keller Williams Realty Market Center, providing real estate brokerage and core real estate services and products as are permitted by the Franchise Agreement.

6. Conflict Resolution. The Market Center Franchise Agreement with KW may contain provisions that impose other or additional requirements on the Company or its members. In case of conflict, between the Franchise Agreement and this Agreement [or these By-laws], the provisions of the Franchise Agreement will govern and control the conflict's resolution, so long as the interpretation does not violate applicable law.

7. KW Consent to Transfer / Right of First Refusal. Pursuant to the terms of the Franchise Agreement, neither the Company nor any successor to any part of the Company's interest in the Franchise Agreement, nor any [Member] [Shareholder] that directly or indirectly owns an interest in the Company, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in the Franchise Agreement, in the Market Center or in the Company without KW's prior written consent. Further, pursuant to the terms of the Franchise Agreement, KW has the first right of refusal on a proposed sale or transfer of any interests in the Company.

8. Non-Competition; Surrender of Ownership Interests. Any [Member] [Shareholder] [Partner] of the Company who owns, maintains, operates, engages in, or has any interest, or will own, maintain, operate, engage in, or have an interest during the Term of the Franchise Agreement in any real estate business that competes directly or indirectly with KW, including any real estate business that involves (i) the real estate brokerage business; or (ii) the offer, sale or operational support of businesses in the real estate brokerage business (whether as a franchisor, regional representative, area director or other similar service provider capacity); or who affiliates with a non-Keller Williams company that diverts or attempts to divert any business or customer of a Keller Williams Franchisee to any competitor by direct or indirect inducement or otherwise, must promptly transfer his or her interests in the Company according to the buy-sell provisions described in this Agreement in order to comply with the non-competition provisions in the Franchise Agreement.

Note: You should review and consider the buy-sell provisions in your corporate documents and discuss them with your ownership group.

DBA INFORMATION

Proposed DBA name: _____

*Upon KW approval, state registration will be required. Do not register until approved.

Does your state or province real estate commission or bureau require that you include the words “Realty” or “Real Estate” or some other term in advertising – from signs to websites, etc.?

☐ Yes ☐ No

INITIAL CAPITALIZATION

☐ Include a statement/letter from the corporate entity’s bank listing account name(s), number(s), and balance(s). Show proof of the required capitalization amount (minimum $150,000 in the form of cash only) specified by the Regional Director, as appropriate for your geographic area. The account(s) should be held by the corporate entity.

LICENSES, MEMBERSHIPS, INSURANCE & LEASE

Verify you have all of the licenses necessary to run and protect a real estate office in your state/province.

Some memberships cannot be obtained until you are licensed with KW and/or your state/province or municipality. However, all applications should be ready to submit at the earliest opportunity.

Contact each office and include copies of the forms listed below. The forms do not need to be completely filled out and should be sent to the pertinent office only after the application has been approved.

- ☐ State/Provincial Real Estate Commission Application
- ☐ Local Real Estate Board Application
- ☐ Application for MLS Service
- ☐ County and/or City Business License

The following will be required **upon approval** of the Market Center Application and should be submitted within 30 days of executed Franchise Agreement:

- Insurance certificates with required coverage. (The certificate should name Keller Williams Realty, LLC and Keller Williams Realty Holdings LLC, 1221 S. Mopac Expressway, Suite 110, Austin, TX 78746 as an additional insured.)
  - Comprehensive General Liability ($ 1 million per occurrence)
  - Auto Liability (for non-owned and hired autos) ($1 million combined single limit)
  - E&O Insurance ($1 million per occurrence / $2 million for commercial)
  - Workers Compensation ($500,000 minimum annual)

- Lease for Market Center

PROPOSED SITE APPROVAL

I have provided and discussed the following information with the Regional Director, with the intent of providing a world class customer experience for the Market Center's clients and associates:

- ☐ Photographs of the interior and exterior
- ☐ Paint chips, fabric swatches, photographs of furniture, etc.

TECHNOLOGY & TRAINING

Acknowledge the training facility you are responsible for establishing at your Market Center and commit to use the most current technology.

NEW TECHNOLOGY: We agree to purchase only new computer hardware, which meets or exceeds the technology recommendations from KW. _____ (initial)

TRAINING FACILITY IN THE MARKET CENTER: We commit to providing a training room with recommended technology to deliver in-person and remote KWU and Regional training. _____ (initial)

FRANCHISE FEE

☐ I acknowledge that the $35,000 Franchise Fee will be drafted via ACH by KW upon execution of the Franchise Agreement. If you are awarded a franchise, the initial franchise fee is fully earned and nonrefundable.

REVIEW & SUBMIT

Review and ensure all documents are included and in order. If further explanation is needed for any items required in this application, please include attachment. Once completed, please submit to your Region.

Applications are only submitted to KW by the Region. Please do not forward these directly to KW, as it requires Regional review, recommendation, and signature.

By signing below, I am submitting this application for a new Market Center and hereby certify that all of the information provided above is true and correct to the best of my knowledge.

_____ _____

Proposed MC OP Signature Date

Printed Name: _____

TO BE COMPLETED BY REGION

The Regional Director will complete the Career Visioning process with the OP candidate, including an in-person validation of the KPA and Comprehensive Interview. This information will be submitted separately by the Region.

Please submit:

- ☐ Approval for MMC Application (If applicable)
- ☐ The Career Visioning package for OP candidate completed in Part 1 of the application

By signing below, I hereby confirm that I have reviewed the application and recommend that the proposed new Market Center be authorized to open at the location submitted in this application.

_____ _____

Regional Director Signature Date

Printed Name: _____

_____ _____

KW Signature Date

Printed Name: _____

Title: _____

EXHIBIT P

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR ALL FRANCHISE REGISTRATION STATES

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.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR CALIFORNIA

(Market Center)

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

2. THE FOLLOWING RISK FACTOR IS ADDED TO THE STATE COVER PAGE:

   THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

3. Item 3 is hereby amended to reflect that:

   Neither the Franchisor nor any person or broker identified in Item 2 of the disclosure document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership is such association or exchange.

4. Item 6 is amended to reflect that the highest interest rate allowed by law in California for late payments is 10% annually.

5. Item 17 is hereby amended by the addition of the following language to the original language that appears therein:

   California Business and Professions Code §§ 20000 through 20043 (Franchise Relations Act) provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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

   Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a franchise agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

   Unless the transaction is exempt under the statute, Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise.

   The franchise agreement requires binding arbitration. The arbitration will occur in Austin, Texas with the initial costs being borne by both parties and the final costs being borne by the losing party.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

7. OUR WEBSITE (KW.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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

9. 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.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR HAWAII

(Market Center)

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

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

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

2. Item 5 of this Disclosure Document is amended by adding the following:

   In Hawaii, we must defer the payment of the initial franchise fee and any other initial payments payable to us until we have fulfilled all of our material pre-opening obligations to you. Accordingly, notwithstanding anything to the contrary contained in the Market Center Franchise Agreement or this Disclosure Document, you must pay us the initial franchise fee and any other initial payments payable to us at the time we have fulfilled all of our material pre-opening obligations to you.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR ILLINOIS

(Market Center)

1. The State Cover Page and Item 17 of this Disclosure Document are amended by adding the following:

   In accordance with Illinois law 815 ILCS 705/19 and Rule Section 200.608, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.

   Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

   Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act will be void and are hereby deleted with respect to claims under the Act.

   Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

2. Item 5 of this Disclosure Document is amended by adding the following:

   The Illinois Attorney General's Office has determined that due to our financial condition, we must defer the payment of the initial franchise fee and any other initial payments payable to us until we have fulfilled all of our material pre-opening obligations to you and you have commenced doing business pursuant to the Market Center Franchise Agreement. Accordingly, notwithstanding anything to the contrary contained in the Market Center Franchise Agreement or this Disclosure Document, you must pay us the initial franchise fee and any other initial payments payable to us at the time we have fulfilled all of our material pre-opening obligations to you and you have commenced doing business pursuant to the Market Center Franchise Agreement. See Item 21 for additional information.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR MARYLAND

(Market Center)

1. Item 5 is amended to include the following paragraph:

   The Maryland Office of the Attorney General (Securities Division) has determined that due to our financial condition, we must defer the payment of the below initial franchise fee and other initial payments payable to us until we have fulfilled all of our material pre-opening obligations to you. Accordingly, notwithstanding anything to the contrary contained in the Market Center Franchise Agreement or this Disclosure Document, you must pay us the initial franchise fee and other initial payments payable to us at the time we have fulfilled all of our material pre-opening obligations to you.

2. Item 17 is amended to include the following paragraph:

3. The Code of Maryland Regulations, COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the franchise agreement relating to renewal, sale, assignment or transfer of the franchise agreement.

4. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17 is amended to state that the provision in the License Agreement which provides for termination upon bankruptcy of the Licensee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. Item 17 is amended to state that a franchisee can bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. WE MAY TERMINATE THE LICENSE AGREEMENT IF YOU NO NOT ACHIEVE AND MAINTAIN MINUMUM MONTHLY GROSS COMMISSION REQUIREMENTS WHICH WE ESTABLISH.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR MINNESOTA

(Market Center)

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

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

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

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

The following is added to Item 5 and Item 7:

The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

No statement, questionnaire, or acknowledgement 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 with the franchise.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC.
DISCLOSURE DOCUMENT FOR NEW YORK

(Market Center)

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

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

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

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

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

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations. C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee

to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

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

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

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

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

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO THE KELLER WILLIAMS REALTY, LLC
DISCLOSURE DOCUMENT FOR WASHINGTON

(Market Center)

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Item 5 of this Disclosure Document is amended by adding the following:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled

to under the franchise agreement or offering circular, and (b) is open for business.

State Effective Dates

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

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

State	Effective Date
California	May 22, 2025
Hawaii	April 28, 2025
Illinois	April 29, 2025
Indiana	April 27, 2025
Maryland	May 2, 2025
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	April 17, 2025
Rhode Island	May 1, 2025
South Dakota	April 17, 2025
Virginia	May 21, 2025
Washington	Pending
Wisconsin	April 17, 2025

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.

KW TRACKING NUMBER #_____

ITEM 23
RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Keller Williams Realty, LLC offers you a franchise, it must provide this disclosure document to you 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. New York requires that Keller Williams Realty, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or make any consideration that relates to the franchise relationship. Connecticut and Michigan require that Keller Williams Realty, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa and Maine require that Keller Williams Realty, LLC give you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, Keller Williams Realty LLC in connection with the proposed franchise sale.

If Keller Williams Realty, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit K.

The franchise sellers are: Chris Czarnecki and Debbie Gardner (each located at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746, phone: (512) 327-3070); the Regional Operating Principal, _____, and the Regional Director, _____ located at _____; and each of the following person(s) who were instrumental in selling you a Market Center franchise [TO BE COMPLETED BY YOU AT THE TIME YOU SIGN THE RECEIPT]: _____.

Date of Issuance: April 15, 2025 (see State Registrations page for specific state effective dates)

The name and address of our registered agent authorized to receive service of process is shown in Exhibit I.

I have received a Disclosure Document issued April 15, 2025 (see State Registrations page for specific state effective dates). This Disclosure Document includes the following Exhibits:

A.	Financial Statements	I.	List of Franchisees
B.	Market Center Franchise Agreement (including attachments and state amendments)	J.	Agents for Service of Process
		K.	State Administrators
C.	Business Center Addendum	L.	Table of Contents of the Brand Standards Manuals
D.	Temporary New Homes Sales Location Addendum		
E.	Mega-Associate Office Addendum	M.	Sample Form of General Release
F.	Commercial Real Estate Addendum	N.	Regional Representatives
G.	Real Estate School Participation Addendum	O.	Application Documents
H.	KW Prep Addendum	P.	State Addenda to Disclosure Document

Dated:_____ _____

Sign Individually or as an Officer

_____

Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ LLC)

Please return this Receipt by email to the Franchise Systems Department at fdd@kw.com.

ITEM 23
RECEIPT

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If Keller Williams Realty, LLC offers you a franchise, it must provide this disclosure document to you 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. New York requires that Keller Williams Realty, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or make any consideration that relates to the franchise relationship. Connecticut and Michigan require that Keller Williams Realty, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa and Maine require that Keller Williams Realty, LLC give you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, Keller Williams Realty LLC in connection with the proposed franchise sale.
.
If Keller Williams Realty, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit K.

The franchise sellers are: Chris Czarnecki and Debbie Gardner (each located at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746, phone: (512) 327-3070); the Regional Operating Principal, _____, and the Regional Director, _____ located at _____; and each of the following person(s) who were instrumental in selling you a Market Center franchise [TO BE COMPLETED BY YOU AT THE TIME YOU SIGN THE RECEIPT]: _____.

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E.	Mega-Associate Office Addendum	M.	Sample Form of General Release
F.	Commercial Real Estate Addendum	N.	Regional Representatives
G.	Real Estate School Participation Addendum	O.	Application Documents
H.	KW Prep Addendum	P.	State Addenda to Disclosure Document

Dated:_____ _____

Sign Individually or as an Officer

_____

Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ LLC)

Please retain this Receipt for your records.