

**FRANCHISE DISCLOSURE DOCUMENT**  
**FIRST CHOICE BUSINESS BROKERS, INC.**  
a Nevada Corporation  
851 South Rampart Blvd., Suite 200  
Las Vegas, Nevada 89145  
Phone: (702) 368-2500 Website: [www.fcbbi.com](http://www.fcbbi.com)



The franchise offered is for the operation of First Choice Business Brokers unit franchise which offers business brokerage, valuations, consultation and various other services for business purchases, sales, resales and acquisitions under the name of First Choice Business Brokers. You will operate a First Choice Business Brokers business that earns commissions as you list and sell businesses for sale. You will also earn commissions for the resales of existing franchises.

The total investment necessary to begin operation of a FIRST CHOICE franchise before July 1, 2024 is between \$82,800 and \$97,600. This includes \$52,500 that must be paid to the franchisor or its affiliate(s). After July 1, 2024, the total investment necessary to begin operation of a FIRST CHOICE franchise is between \$84,300 and \$99,100. This includes \$54,000 that must be paid to the franchisor or its affiliate(s).

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 at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our corporate office at 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145 or via telephone at (702) 368-2500.

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

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

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

Issuance date: March 27, 2024

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G-1 and G-2.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets
<b>Will my business be the only First Choice Business Brokers business in the area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a First Choice Business Brokers franchisee?</b>	Item 20 or Exhibits G-1 and G-2 list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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 or litigation only in Nevada. 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 or litigate with the franchisor in Nevada than in your own state.
2. **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.
3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's ability to provide services and support to you.
5. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**MICHIGAN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

**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 franchise'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, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor;
  - (iii) The unwillingness of the proposed transferee to agree in writing

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

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

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

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

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

The franchisor is First Choice Business Brokers, Inc. (“we,” “us,” or “our”). “You” or “your” means the person to whom we grant a franchise. The terms “you” and “your” refer to the person or entity that buys this franchise, including any guarantors.

The Franchisor

We are a Nevada corporation, and we were incorporated on August 19, 2005. We maintain our principal place of business at 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145.

We operate under the name, “FIRST CHOICE BUSINESS BROKERS,” and the trademarks described in Item 13 (the “Marks”). We do not do business or intend to do business under any other names.

Exhibit C contains a list of our agents for service of process.

The Franchise We Offer

You will operate a business brokerage by assisting business owners who wish to sell their business with buyers who wish to buy an existing business in your Area of Operations. You will assist with the negotiations between the buyer and seller to seek a smooth transition of the purchase. In exchange for serving as a broker you will receive a commission to be paid from the seller’s proceeds. Our typical clients are small to medium businesses and their potential buyers. The business brokerage industry is small, however, the need for its services has grown considerably due to the increase in the number of entrepreneurs purchasing franchises and starting new business ventures. You will also be able to resell existing franchised businesses.

In some states (as identified in “Exhibit I – Area Representative Disclosures”) we have area representatives, who are themselves franchisees of ours, who will perform certain sales and support functions for us. If we have an area representative in your state, that person’s information is disclosed in Exhibit I.

Parents

We are owned by JLN Enterprises, LLC, a Nevada limited liability company formed on April 4, 2017, with a principal place of business at 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145. JLN does not offer products or services to our franchisees or offer franchises in any line of business.

Predecessors

We do not have a predecessor.

Affiliates

We have an affiliate, Pro Business Sales, LLC (“Pro”), which has its principal place of business at 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145. Pro operates one First Choice Business Brokers® business and has done so since February 2019, and Pro’s offices may be used for training our franchisees.

### Prior Business Experience

We have offered franchises since September 2005. Beginning in June 2021, we previously offered (but do not currently offer) area representative franchises under a separate franchise disclosure document. Our former affiliate and Pro Business Sales, LLC’s predecessor, Las Vegas 101 Inc. (previously known as Nevada First Business Brokers), conducted a business brokerage under the name “Nevada First Business Brokers” from 1996 until 2005. Our principals, as sole proprietors, conducted a business brokerage under the name “Nevada Business Brokers” from 1994 until the inception of our affiliate in 2005. We do not operate an area representative business.

Other than as described above, we have not previously and do not presently offer franchises in any other line of business or conduct any business activities other than the franchising described in this disclosure document.

### The Market and Competition

The market for business brokerage services is well-developed, and the market for the services you will provide through your Franchised Business includes the owners of virtually any type of operating business. Business brokerage services are year-round. You will compete with other businesses that offer business brokerage services.

### Applicable Laws

You must obtain such operational licenses as may be required under state and local law. The regulations specific to the operation of a business brokerage may vary from area to area, for example, many states may require you to obtain a real estate agent license and, if you sell franchises, some states may require you to register as a franchise broker. Also, city or county business licensing divisions may regulate the conduct of your business. If you resell franchised businesses, some state franchise laws may govern your dealings and communications with prospective franchisees or require you to be licensed or registered with the state before you engage with a resident of that state about a potential franchise purchase. You should investigate whether other regulations and requirements apply.

## **ITEM 2** **BUSINESS EXPERIENCE**

### Chief Executive Officer: Jeffrey D. Nyman

Jeffrey D. Nyman has served as our Chief Executive Officer and co-founder Since August 2005. From August 2005 until January 2020, Mr. Nyman also served as our Chief Financial Officer. Mr.

Nyman also served from 1996 to 2019 as President and Secretary of our prior affiliate, Las Vegas 101. Mr. Nyman is also the co-Founder and President of the Nevada Business Brokers Association and is a Board Member of the Las Vegas Commercial Alliance. Mr. Nyman is a member of the State of Nevada Real Estate Commission Advisory Council and co-author of the State of Nevada Business Brokers Permit License test.

#### President and Chief Operations Officer: Linda Hentges-Nyman

Linda Hentges-Nyman has served as our President since June 2012. Ms. Hentges-Nyman has also served as our Chief Operations Officer (“COO”) and co-founder since our inception in August 2005. Ms. Hentges-Nyman also served from 1996 to 2019 as the Treasurer of our prior affiliate, Las Vegas 101. Linda was a co-author of the State of Nevada Business Brokers Permit License test.

#### Melissa Salyer: Executive Vice President of Franchise Development

Melissa Salyer has served as our Executive Vice President of Franchise Development for Loyalty, LLC in Virginia Beach, Virginia since December 2019. From August 2019 to the present, Ms. Salyer has also served as the Owner of FranDiscovery in Virginia Beach, Virginia. From July 2015 to September 2019, Ms. Salyer served as Executive Vice President of Franchise Opportunities for Happy Tax Franchising, LLC in Virginia Beach, Virginia.

#### Iain Bratt: Chief Financial Officer

Iain Bratt has served as our as Chief Financial Officer since February 2024. He also serves as Chief Operating Officer at ChainPro LLC in Scottsdale, Arizona from February 2023 until February 2024. He served as a self-employed consultant in Las Vegas, Nevada from February 2016 until February 2023.

#### Howard Meltzer: Database Manager and Marketing

Howard Meltzer has served as our as Database and Marketing Manager since May 2021. He also has served as President of ProPoint Management Services in Ponte Vedra Beach, Florida from April 2002 to the present.

#### Mounir Bousaid: Broker Training

Mounir Bousaid has served as our as Broker Trainer since October 2023. He has worked as a broker for our affiliate, Pro Business Sales LLC, in Las Vegas Nevada from February 2015 to the present. He also has owned and operates a FIRST CHOICE BUSINESS BROKERS franchise in Orlando, Florida since December 2021.

#### Area Representatives

Our area representatives assist us in selling and supporting franchise locations. If you buy a franchise located in the territory of an area representative, the area representative may provide you

with initial and ongoing support and guidance. A list of our current area representatives, including their litigation and bankruptcy history for Items 3 and 4, is included as Exhibit I.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

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

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

You must pay us an Initial Franchise Fee of \$40,000 when you sign the Franchise Agreement. You must also pay us an Initial Training/Marketing Fee when you sign the Franchise Agreement. The Initial Training/Marketing Fee will be \$12,500 until July 1, 2024. On July 1, 2024, the Initial Training/Marketing Fee will increase to \$14,000.

We participate in the (VetFran) Veterans Transition Franchise Initiative which seeks provides an opportunity for veterans who want to be in business. If you are a veteran of the U.S. Armed Forces that has been honorably discharged, you may be eligible to receive a discount of \$5,000 from the Initial Franchise Fee for a First Choice Business. You must advise us of your service to the United States prior to execution of the Franchise Agreement in order to receive the discount.

The Initial Franchise and Training Fees are fully earned by us and nonrefundable when you sign the Franchise Agreement for the franchise being purchased. These initial fees are uniform for all franchisees. We do not finance any portion of the Initial Fees.

**ITEM 6**  
**OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty  (Notes 1, 2, and 3)	The greater of:  \$300 per month or 10% of Gross Fees up to \$850,000 during the term of the Franchise Agreement, and 8% of Gross Fees thereafter	The 5 <sup>th</sup> calendar day of every month	We begin collecting the Royalty during the first month you begin collecting Gross Fees.  We begin charging a Minimum Royalty of \$300 beginning in the 13th month of operations.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Brand Fund Contribution	\$250 per month	The 15th calendar day of every month	We reserve the right to increase this fee by 10% per year. If you own more than one Area of Operations, we will require you to pay this amount for each Area of Operations, up to a maximum of five (5).
Technology Fee	\$350/ per month, plus \$145 per month per Agent	Monthly	The Technology Fee begins 60 days after you sign the Franchise Agreement. The Agent pays the Agent Fee beginning 30 days after the Agent completes our training. We have the right to increase this fee annually, provided that such increase will not exceed 10% per year.
Administrative Support Fee	0 - 15 - Active Listings: \$250 per month 16 - 30 - Active Listings: \$500 31 - 60 - Active Listings: \$750 61 - 100 - Active Listings: \$1,200 101 or more Active Listings: \$1,500	Monthly	We provide administrative support to you in the form of inputting listings and changes to listings into websites and databases at no charge for six months (6) after you make your first listing.  After that period, at our option we may offer (and you may choose) continued listing administrative support in exchange for your payment of the Administrative Support Fee.
Credit card processing fee	3% of the amount charged	At time of charge	If you pay any sums by us by credit card, you agree to pay a credit card processing fee on that charge.
Late Payment Fee	9% of the overdue payment plus interest at 1.5% per month.	The day you are late on any payment that you owe to us	If any payment(s) are overdue, you must pay us a late fee in addition to the overdue amount. Interest amount charged may be changed to the maximum rate permitted by law.
Associate Training Fee	\$500 per agent that you employ or contract.	Upon scheduling training	Each Associate you employ or contract must attend On Line Training (First Choice University), within 30 days of the date that you hire them.
Attendance at annual training, seminar, conference, or event	As set at the time of the event	60 days prior to event	You will pay us a conference fee in an amount that we determine in our reasonable discretion for you and any Key Personnel to attend the conference. We will not require you or your Key Person to attend more than one (1) conference per year.
Late Fees to Third Parties	1.5% interest	With next payment to First Choice	If we advance a payment on your behalf due to late payment to a third party, you are responsible to pay us

Type of Fee	Amount	Due Date	Remarks
			the amount paid with 1.5% interest.
Audit	Our costs of audit, plus 18% interest (or the highest rate allowed by law) on underpayment.	30 days after billing	If we conduct an audit that shows that you have underpaid us in an amount more than 2%.
Transfer fee	\$10,000	Due when you transfer ownership of the Franchise Agreement	Due at closing of the transfer.
Costs of Default	Will vary	Upon settlement or conclusion of a claim	In the event of termination for any default by you, such sums shall include all damages, costs, and expenses, including attorney's fees and disbursements we incur as a result of the default, including Royalties.
Costs of Enforcement and Attorney Fees	Will vary	Upon settlement or conclusion of a claim	You agree to pay all costs and expenses we incur, including attorney fees, us in connection with enforcement of the Franchise Agreement.
Indemnification	Will vary under the circumstances	Upon request or demand	You must reimburse us for the cost we incur if we are sued or held liable for claims that arise in your operation of the Franchised Business.

Notes:

1. All fees are imposed by, collected, and are payable to us. Unless otherwise noted, all fees are not refundable.
2. "Gross Fees" includes all consideration, whether by cash, credit, barter, or otherwise, derived directly or indirectly from your operation of the Franchised Business (from all sources, including but not limited to referral fees and consulting revenues). "Gross Fees" does not include:
  - (a) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by Franchisee to the appropriate governmental authority; or
  - (b) all customer refunds and credits made by the Franchise (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Gross Fees consisting of property, products or services shall be valued at the retail prices applicable and in effect at the time that they are received.

3. You must pay all amounts due to us by automated clearinghouse (“ACH”). See Schedule 7 to the Franchise Agreement. We or our designee will debit your bank account for the Royalties and any other amounts you owe us. You are required to make funds available for withdrawal from your account before each due date. If you pay any amount to us by credit card, we will increase the amount you owe by the total amount charged for card processing (currently 3%).

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

**YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

Type of Expenditure (Note 1)	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee	\$40,000		Check, money order, EFT	Upon signing Franchise Agreement	Us
Initial Training/Marketing Fee (Note 2)	\$12,500 before July 1, 2024 \$14,000 after July 1, 2024		Check, money order, EFT	Upon signing Franchise Agreement	Us
Travel and Living Expenses to attend Training (Note 3)	\$100	\$2,500	Credit card	As Incurred	Outside Suppliers
Real Estate / Rent (Note 4)	\$0	\$2,500	Check	As Incurred	Landlord or other vendors
Real Estate Deposit and Improvements (Note 5)	\$0	\$1,500	Check	As Agreed	Outside Suppliers
Signs	\$500	\$1,500	Check or credit card	As Incurred	Outside Suppliers
Office Furniture, Equipment and Computers (Note 6)	\$1,000	\$5,000	Credit card	As Incurred	Outside Suppliers
Pre-Opening and Initial Advertising (Note 7)	\$1,550	\$3,100	Credit card	As Incurred	Vendors
Insurance (Note 8)	\$1,500	\$2,500	Check or credit card	As Incurred	Outside Suppliers
Vehicle Cost (Note 9)	\$500	\$1,500	Check or credit card	As Incurred	Vendors, Insurance Suppliers
Additional funds-3 Months (Note 10)	\$10,000	\$25,000	Check or credit card	As Incurred	Third party vendors
Estimated Initial Investment (Before July 1, 2024)	\$82,800	\$97,600			

Type of Expenditure (Note 1)	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
Estimated Initial Investment (After July 1, 2024)	\$84,300	\$99,100			

1. Refundability; Financing. Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors and suppliers will decide if payments to them are refundable. We do not finance any portion of the initial investment.

2. Initial Training/Marketing Fee. The Initial Training/Marketing Fee is \$12,500 until July 1, 2024. After July 1, 2024, this fee will increase to \$14,000. This fee pays in part for you to attend our initial training program and for us to provide six (6) months of marketing for your Franchised Business after you begin operating.

3. Travel and Living Expenses to Attend Training. Our initial training program is conducted through webinars and may also be held at our headquarters in Las Vegas, Nevada. You must pay the cost of any travel and living expenses to attend any onsite initial training programs. Your costs will vary depending on whether any travel or lodging is involved or not.

4. Real Estate/Rent. You are not required to purchase real estate for the operation of your Franchised Business, and, if you have no agents (Associates), you may operate a home office as long as you have a professional meeting place to meet clients. We must approve your location. Because your costs may be higher, we recommend you consult with both a licensed real estate professional in your area and a local contractor to determine a more accurate cost for leased premises and improvements before signing a lease and/or the Franchise Agreement.

5. Real Estate Deposit and Improvements. Please note that there are substantial variations in the cost of leased premises and necessary improvements. You should look for space that does not require your making any leasehold improvements, but it may not always be possible to find office space which does not require any improvements to the space at all. Your costs for improving your space will vary, depending on the location and condition of the premises.

You may be required to make a security deposit as a condition of leasing the location for your Franchised Business. Typically, a landlord will require a security deposit equal to one month's rent and payment of one month's rent before giving you possession of the leased premises.

6. Office Furniture, Equipment, and Computers. You will need basic office furniture, equipment, and computers. Your costs will vary depending on the size of your office and how many of these items you may already have.

7. Pre-Opening and Initial Advertising. The pre-opening initial advertising in this item consists mainly of marketing materials, ad placements, regular consumer advertising, and listings on websites like bizbuysell.com. You may spend more if you wish to grow your Franchised

Business faster. In exchange for your payment of the Initial Training/Marketing Fee, we will provide six (6) months of marketing for your Franchised Business after you begin operating.

8. Insurance. We describe our requirement that you purchase insurance in Item 8, which includes the types of insurance policies and minimum coverages you must obtain. Your insurance costs may vary.

9. Vehicle Cost. We do not require you to purchase or lease a vehicle for your Franchised Business. However, you will at times make site visits to your clients, so you must either have a vehicle or acquire one. Your vehicle costs may vary, depending on whether you need to purchase or lease a car or not and the age and type of car you have or acquire and fuel and insurance costs in your area.

10. Additional Funds-3 months. This line item estimates the funds (working capital) you will need to cover your pre- and post-opening expenses, which can include initial employee wages, utility deposits, accounting fees, legal fees, licenses, permit costs, sales taxes, and dues (including dues for belonging to such entities as Better Business Bureau, and Chamber of Commerce; you may choose to affiliate with other trade associations as you desire), as well as additional operating capital for other variable costs (e.g., electricity, telephone, heat, Internet service, Internet setup, etc.), paper, cleaning, and other supplies. It also includes the minimum initial inventory of the brochures, business cards, software, and other items that we require you to purchase prior to opening.

The amounts listed in this item are only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. The above figures do not include any provision for managerial salaries or draws by you based upon the assumption that you will be the full-time manager of the business.

You should conduct your own independent investigation of the costs of opening a business sales / brokerage business in the geographic area in which you intend to open the Franchised Business. You should also review the figures stated this Estimated Initial Investment Item 7 carefully with a business advisor before making any decision to purchase a First Choice franchise.

In compiling this chart, we relied on the experience of our prior affiliate, Las Vegas 101, in running a similar concept to the franchise being offered to you, as well as the experience of our management team in franchising this concept.

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

The Goods or Services Required to be Purchased or Leased

Advertising Materials and Website

All advertising and promotion by you, in any manner or medium, must be conducted in a dignified manner and must conform to our standards and specifications. You will need to display the Marks in the manner required by us on all promotional materials used in the Business.

You must submit to us, for our prior written approval, samples of all advertising and promotional plans and materials that you desire to use that have not been prepared or previously approved by us. We have ten (10) days from the date that we receive your proposed advertising materials to approve or disapprove them. If we do not respond to you within ten (10) days of our receipt of your advertising materials, those materials are deemed approved. We are an approved supplier of advertising materials, but we are not the only approved supplier of advertising materials.

You are required to use our website services for your Franchised Business' website. We are the only approved supplier of website services. You are required to use certain third-party websites to advertise listings. We are not an approved supplier of the third-party websites.

Computer Hardware and Software

You must use the computer hardware and software that is compliant with our software system and programs. We are the only approved supplier of our online software system. We are not an approved supplier of the computer hardware.

Equipment, Furniture, Fixtures, and Signs

You are required to purchase equipment, furniture, fixtures, and signs pursuant to our specifications. We may designate suppliers for these items. We are not an approved supplier or the only approved supplier of the equipment, furniture, fixtures and signs.

Insurance

Insurance coverage must meet our minimum requirements, which we reserve the right to change from time to time. Currently, our minimum requirements are that you have errors and omissions insurance for the professional services provided by you and your agents with a minimum limit of liability of \$1,000,000 per occurrence. You must carry general liability insurance with a minimum limit of liability in respect to bodily injury or property damage of \$1,000,000 per occurrence, vehicle insurance with bodily injury / property damage limits of \$250,000 per person and \$500,000 per occurrence, and any insurance required by state law, such as worker's compensation.

All insurance policies, including the errors and omissions insurance, must name us as an additional insured party. We are not an approved supplier or the only approved supplier of the required insurance policies.

### Site

You are not required to purchase real estate for the operation of your Franchised Business, and, if you have no agents (Associates), you may operate a home office as long as you have a professional meeting place to meet clients. We must approve your location. We have the right to approve your Franchised Business lease or sublease and to require that it include certain provisions including our right to the premises of your Franchised Business if the franchise is terminated or not renewed or if you lose possession because of your default under the lease. We are not an approved supplier or the only approved supplier of a location for your Franchised Business.

### Training

You and any Key Personnel must attend our training before you open your Franchised Business. If you hire any Associates, they must also attend Initial Training within 30 days of hiring. We are the only approved supplier of the required training.

### Officer Interests in Suppliers

Our officers, Jeff Nyman and Linda Nyman-Hentges, own an interest in us. Neither of our officers owns an interest in any of our other approved suppliers.

### Alternative Suppliers

We do not require you to obtain our approval to obtain products or services from alternative suppliers. As a result, we do not issue criteria for supplier approval.

### Issuance and Modification of Specifications

We issue and modify specifications to franchisees and approved suppliers in our Operations Manual or other informational bulletins.

### Revenue from Required Purchases

In the fiscal year ending December 31, 2023, we earned \$524,441 from required purchases and leases of products and services from our franchisees, representing 32.3% of our total revenue of \$1,621,246.

Our affiliates did not derive any revenue from required purchases or leases by our franchisees.

### Required Purchases and Leases as a Proportion of Costs

We estimate that your required purchases and leases comprise between 42% and 59% of your initial cost of establishing your Franchised Business, and between 15% and 25% of your ongoing costs of operating the Franchised Business.

### Supplier Payments to Us

At present, suppliers do not make payments to us from franchisee purchases. However, we reserve the right to receive supplier payments for franchisee purchases.

### Purchasing or Distribution Cooperatives

There are currently no purchasing or distribution cooperatives within the System.

### Purchase Arrangements

We do not currently negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees, but reserve the right to do so.

### Material Benefits

We do not provide material benefits to you based on your use of a particular supplier. However, in order to renew your franchise agreement, you must be in compliance with it, including supplier standards, and we can terminate your franchise agreement if you breach it.

## **ITEM 9** **FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document item</b>
(a) Site selection and acquisition/lease	Sections 1.2 and 3.4	Items 7, 8, 11, and 12
(b) Pre-opening purchases/leases	Sections 5.1 and 7.9	Items 6, 7, 8, and 11
(c) Site development and other pre-opening requirements	Section 5, 7.2	Items 7, 8, and 11
(d) Initial and ongoing training	Section 6	Items 5, 6, 7, 8 and 11
(e) Opening	Sections 5 and 7	Item 11
(f) Fees	Sections 2.2, 4, 6.1, 6.2, 6.3, 7.7, 7.14, 11.4, 12.1, 14.3.4, 16.5, 16.6, 17.6, 25.12; Schedule 3	Items 5, 6, 7, 8, 11

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document item</b>
(g) Compliance with standards and policies/Operating Manual	Sections 7 and 9	Items 8 and 11
(h) Trademarks and proprietary information	Sections 8, and 10	Items 11, 13, 14, and 16
(i) Restrictions on products/services offered	Sections 7.5-7.9	Items 8, 11, 12, and 16
(j) Warranty and customer service requirements	Section 7.11	Item 11
(k) Territorial development and sales quotas	None	Not applicable
(l) Ongoing product/service purchases	Section 7.5-7.9	Items 6 and 8
(m) Maintenance, appearance and space requirements	Section 7.3, 7.4	Items 8, 11, 16, and 17
(n) Insurance	Section 13	Items 7 and 8
(o) Advertising	Sections 4.3, 5.1, and 12	Items 6, 7, 8, and 11
(p) Indemnification	Section 20	Item 6
(q) Owner's participation/management/staffing	Sections 6, 7 and 17	Items 11 and 15
(r) Records and reports	Sections 7.10.6 and 11	Item 11
(s) Inspections and audits	Sections 7.13 and 11	Items 6 and 11
(t) Transfer	Section 14	Item 6 and 17
(u) Renewal	Section 2.2	Item 17
(v) Post-termination obligations	Section 16	Item 17
(w) Non-competition covenants	Sections 10,17.2, 17.3 and 17.7	Items 15 and 17
(x) Dispute resolution	Section 25	Item 6 and 17

## **ITEM 10** **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation.

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

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

Before you open the Business, we will:

1. Conduct a seven (7) days of initial training. (Franchise Agreement, Section 3.1.2);
2. Assist you in determining a location to be the Approved Location of the Franchise. We may delegate this responsibility to an area representative, if we have one responsible for the area that includes your Franchise. Our current area representatives, and the areas they are responsible for, are identified in Exhibit I. (Franchise Agreement, Section 3.1.3);
3. Assist you in the layout of the Franchise and equipment selection process (Franchise Agreement, Section 3.1.4);
4. Supply you with our First Choice Start-Up and Resource Guide, Plan of Action for Franchise Success, and Complete Operations Manual (together, the “Manual”). (Franchise Agreement, Section 3.1.5);
5. Provide you with your list of approved and/or designated suppliers. (Franchise Agreement, Section 3.1.6);
6. Supply you with the First Choice proprietary systems and Proprietary Marks. (Franchise Agreement, Section 3.1.7);
7. Supply you with our required Office Management Suite (OMS) and CRM for tracking buyers, sellers, listings, reports, and archival. (Franchise Agreement, Section 3.1.8); and
8. If you will have agents / brokers (“Associates”) working at your Franchised Business other than yourself and any Key Personnel, we will train those Associates either online or at a designated training facility. (Franchise Agreement, Section 6.1.2).

Site Selection

You are responsible for selecting a location for the operation of your franchise. Your location must be approved by us. (Franchise Agreement, Sections 1.3 and 3.1.3).

We will not unreasonably withhold our acceptance of a site for your Franchised Business that meets our requirements. Any location which is not home-based will require you to select a location within the Area of Operations from which to operate the Franchised Business; the location of the office needs to be approved to ensure it is not in conflict with another First Choice location. We will note any Approved Location on Schedule 1 of the Franchise Agreement. Acceptance by us of a location is conditioned upon our determination, in our judgment, that:

(i) the site which you have submitted for the Franchised Business is within your Area of Operations and is a suitable site based upon criteria we establish from time to time; and

(ii) you and your owners are in compliance with the Franchise Agreement.

The factors that we consider in acceptance of the site include population demographics, neighborhood, and physical characteristics of the premises, such as size and layout. We evaluate each proposed site and accept or do not accept each one on a case-by-case basis.

We will approve or disapprove of your proposed location for the Franchised Business within 15 business days of our receiving from you the proposed location. If we do not approve the location that you select, we will give you 30 days from the date we disapprove your location to select and propose to us an alternate location within your Area of Operations. If you and we cannot agree on a location for your Franchised Business, we will terminate your Franchise Agreement and retain your full initial franchise fee payment, which we deem to be fully earned. (Franchise Agreement, Sections 1.3, 1.4).

#### Time Before Opening

We estimate that there will be an interval of time of 30 to 90 days between the execution of the Franchise Agreement and the opening of your Franchised Business. You are required to open the business within 120 days of signing the Agreement, unless we agree otherwise in writing. The factors that may affect this length of time include obtaining a satisfactory site and a lease, obtaining permits and licenses, your compliance with zoning and local ordinances, remodeling and decorating, installation of software and computer systems, training, weather conditions, obtaining marketing materials, hiring as needed and obtaining financing arrangements.

#### During the operation of your business, we will:

1. Provide telephone support and training at or about the time of the opening of the Franchise. If you have an area representative, your area representative may provide these services to you. (Franchise Agreement, Section 3.2.1);
2. Provide marketing during the first six (6) months after you open your Franchised Business in exchange for the Initial Training/Marketing Fee. After that, we will provide advice and support for your marketing efforts. (Franchise Agreement, Section 3.2.2);
3. Provide updates, as necessary, modifications and/or changes to the Manual. (Franchise Agreement, Section 3.2.3);
4. Provide you, at our option, with location visits and corresponding franchise visitation reports. (Franchise Agreement, Section 3.2.4);
5. At our sole discretion, conduct a mystery business for sale program to ensure product service quality. (Franchise Agreement, Section 3.2.5);

6. Provide support for your questions related to the operation of the Franchise. We may delegate this responsibility to an area representative, if we have one responsible for the area that includes your Franchise. Our current area representatives, and the areas they are responsible for, are identified in Exhibit I. (Franchise Agreement, Section 3.2.6);
7. Develop new products and/or methods, and provide you with information about any such developments (Franchise Agreement, Section 3.2.7);
8. We may hold conferences, additional training courses, or seminars to discuss and instruct you in techniques, performance standards, personnel training, bookkeeping, accounting, marketing programs, new products, marketing and general operating procedures. (Franchise Agreement, Section 3.2.8);
9. Provide on-going training and support services. If you have an area representative, your area representative may provide these services to you. (Franchise Agreement, Section 3.2.9);
10. Administer, or appoint a third party to administer, the Brand Fund. (Franchise Agreement, Sections 3.2.10 and 12.1);
11. Approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us which are submitted by you. (Franchise Agreement, Sections 12.4 and 12.6);
12. Let you use our Marks and confidential information. (Franchise Agreement, Section 8);
13. We may suggest prices to you for the sale of products and services, but you will not be required at any time to sell at or above such suggested prices. You may determine the prices at which you sell the products and services of the Franchise, as well as the terms and conditions of sale for such products and services. (Franchise Agreement, Section 7.8).

### Brand Fund

We have established a marketing fund for system-wide marketing and promotion of the System (the “Brand Fund”). You must contribute \$250 per month for each Area of Operations where you operate a FIRST CHOICE BUSINESS BROKERS franchise, up to a maximum of five (5) Areas of Operations (“Brand Fund Contribution”). We reserve the right to increase this fee by 10% per year. (Franchise Agreement, Section 12.1).

The Brand Fund will be maintained and administered by us or our designee, as follows:

1. We will direct all marketing programs, based on the decisions made by our franchisee-led Brand Fund Committee (the “BFC”). We describe the BFC in greater detail below. The BFC will provide us with direction regarding the concepts, materials, and media used in the programs, along with their placement and allocation. While primary decisions regarding use of the Brand Fund will be made by the BFC, we retain veto power over any advertising

decisions made by the BFC. We will exercise this power only in exceptional circumstances and, if we do so, we will give the BFC the opportunity to modify its decision or submit a new proposal.

2. The Brand Fund is intended to maximize public recognition, acceptance, and use of the System; and we are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution. Any FIRST CHOICE Office operated by us or our affiliate(s) will contribute to the Brand Fund in the same percentage, and at the same times, as our franchisees.

3. The Brand Fund, all contributions, and any of its earnings will be used exclusively to meet all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations and/or promotional programs and materials, Websites (as defined below), and any other local, regional or national activities which we believe will increase brand awareness or enhance the image of the System. The Brand Fund may disseminate advertising by radio, television, print, the Internet, or otherwise. The Brand Fund may also be used to provide rebates or reimbursements to our franchisees for expenditures on products, services, or improvements we approve in advance, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System.

4. You may be required to contribute to the Brand Fund by electronic funds transfer as we may specify. All sums paid to the Brand Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for the reasonable costs and overhead, if any, as we may incur in activities reasonably related to the administration, direction, and implementation of the Brand Fund. The Brand Fund and its earnings will not otherwise inure to our benefit, and the marketing contributions to and earnings of the Brand Fund are not and will not be our asset. The Brand Fund may lend money and incur debt in the furtherance of its general purposes.

5. We anticipate that all contributions to and earnings of the Brand Fund will be expended for marketing and/or promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the Brand Fund at the end of a taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

6. We will maintain separate bookkeeping accounts for the Brand Fund. An unaudited statement of the operations of the Brand Fund will be prepared annually and you may obtain a copy by written request to us.

7. Although the Brand Fund is intended to be of perpetual duration, we maintain the right to terminate the Brand Fund; provided that we will use any unexpended monies in the Brand Fund for marketing and/or promotional purposes for the System.

8. The Brand Fund will not be used for advertising or promotion whose sole purpose is to

solicit the sale of franchises. However, we reserve the right to include a notation in any advertisement indicating “Franchises Available.” Other advertising and promotional material may also reflect the availability of franchises.

The advertising requirements are uniform to all franchisees that have signed a Franchise Agreement with us and are not refundable.

The advertising fees collected by us are not collected on behalf of any third parties, except to the extent such fees are imposed on behalf of third-party advertising agencies, media sources and other sources of advertising selected in accordance with the Franchise Agreement.

Other than the Brand Fund, we are not required to have any advertising program for the franchise system. We are not obligated to conduct advertising of any type for the System or for your Franchised Business.

In our last fiscal year ending December 31, 2023, we collected \$22,000 in Brand Fund Contributions. We did not spend any of that amount in 2023.

### Local Advertising

You may develop advertising materials for your own use, at your own costs. All advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require (Franchise Agreement, Section 12.4).

We must approve all advertising materials (including collateral materials and campaigns, broadcast, print or other media) in advance of using the materials. For all proposed advertising, marketing, and promotional materials that we have not supplied to you or previously approved, you must submit samples of these plans and materials to us, for our review and prior approval. If you do not receive written approval from us within ten (10) days of the date of our receipt of the samples or materials, we will be deemed to have approved them. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

We do not have local or regional advertising cooperatives, nor do we require you to participate in such a cooperative.

### Brand Fund Committee

We have an advertising council comprised of franchisees, the Brand Fund Committee (BFC). The BFC is comprised of seven franchisee members plus two non-voting members (one is our representative and the other a person with experience in marketing). Members serve for one (1) year terms and are eligible to serve consecutive terms. Members are nominated by franchisees and are elected by majority rule; one franchise agreement equals one vote. The BFC has decision-making authority concerning the use of the Brand Fund. We have the ability to dissolve the BFC.

## Websites

Websites (as defined below) are considered as “advertising” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). The term “Website” means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the FIRST CHOICE Business, Marks, us, or the System. The term Website includes Internet and World Wide Web home pages, as well as any identity on a social networking or social media site.

In connection with any Website, the Franchise Agreement provides that you cannot establish a Website related to the Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. A Website will be created and maintained for you by our outside supplier, which will be paid for by you through the monthly software fee that we charge you.

Because we expect that each FIRST CHOICE Business Brokerage will have a strong presence in its community, you must establish an account with each of Facebook, LinkedIn, X (formerly Twitter) and any other social or networking Websites we specify, and these accounts must comply with our guidelines including posting of content and representation of the Marks. If any objectionable content is posted to one of these accounts, you will have 12 hours after notice from us to remove it. If the objectionable content is not removed within this 12-hour period, we have the right to terminate your Franchise Agreement. Any other on-line presence that you wish to establish must have our prior written consent. You must provide us with all the user IDs and passwords related to each on-line account you establish.

## Computer System.

You must obtain and use in your Business a Windows compatible computer with high-speed Internet access, following these minimum guidelines:

Category	Operating Requirements
Operating System and Software	Currently supported Windows Operating System Currently supported Microsoft Office Professional Appropriate Antivirus Software Current versions of Adobe Acrobat DC or Pro
Processor Speed, Memory, Disk Space	Adequate to operate the above software
Connectivity	LAN Internet Connection
Printer / Fax / Scanner	All in One Color Laser (HP Suggested)
Communications	1 main business line (minimum)
Internet	Broadband connection

You may obtain your computer hardware from any vendor so long as the computer system meets our requirements. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the computer system. We reserve the right to change the computer system at any time. We need not reimburse you for any costs that you incur due to a change in the computer system. We estimate that the cost of the computer system and other equipment listed above is between \$500 and \$2,000.

Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades or updates for the computer system; however, we will do so to the extent practicable under the circumstances.

We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the computer system, but we reserve the right to do so in the future. The current annual cost of a service contract is about \$1,500.

**Online Software Systems**

You are required to lease from us a customized online software system, at a monthly rate of \$350, plus \$145/month per Agent. This fee also covers the creation and operation of a website that we will design and operate for you. We may adjust the lease amount by up to 10% annually after you have been a franchisee for 1 year. Upgrades to the software may be required periodically.

We will have independent access to the data and information that is collected under the computer system, and there are no contractual limitations on our independent access to this data and information.

**Operations Manual**

Exhibit H contains the Table of Contents to our Operations Manual. The Manual presently contains 398 pages.

**Training**

**TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Operation of the First Choice systems	8		See Note 1
Getting started in Business Brokerage & Office Setup	6		
Determining your Marketing Area.	2		
Personal Goals for your Franchise	2		
Business Valuation System– Recasting & Pricing a Business	6		

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Preparation of documents	6		
In depth Case Studies	6		
Client relations, sales and business development	3		
Methods of presentation of the business.	2		
Working with Buyers and Sellers	6		
Buyer/Seller Meetings	5		
Closing the Transaction	3		
Franchisee Legal Compliance and Reporting Requirements	3		
Building Referrals	3		
Training Plans	3		
Financing Methods	4		
Office Management System (OMS)	6		
Growing Your Asset Time Management	3		
Building your Team of Associates	3		
Managing Your Associates	5		
Helping Associates achieve their Personal Goals	1		
Your Office Procedures	3		
Royalty Reporting	2		
<b>Totals</b>	<b>95</b>		

Note 1: Foundational training (First Choice University) consists of on demand courses and live virtual meetings held monthly or as needed throughout the year.

After you complete First Choice University on demand courses, you will be invited to seven live webinar sessions (consisting of 3.5 hours per session). (See Franchise Agreement, Section 6.1).

Our training program consists of a minimum of seven days of instruction for you and your Key Personnel through our online First Choice University (FCU) Training Program. After completing FCU Training, you will be invited to a minimum of seven live webinar sessions (each session consisting of 3.5 hours) of the FCU material. (See Franchise Agreement, Section 6.1). You must successfully complete all training sessions before you begin operating your Franchise.

The Operations Manual will be used as the principal instructional material for the training program.

Jeffrey Nyman, Linda Hentges-Nyman, Freddie McFinn, Howard Meltzer, Mounir Bousaid, and Trent Lee teach our initial training classes. We describe the nature and length of experience of our Instructors:

Chief Executive Officer: Jeffrey D. Nyman

Jeffrey D. Nyman has served as our Chief Executive Officer and co-founder Since August 2005. From August 2005 until January 2020, Mr. Nyman also served as our Chief Financial Officer. Mr. Nyman has also served as a franchisee of ours in Las Vegas and California since 2019. Mr. Nyman also served from 1996 to 2019 as President and Secretary of our prior affiliate, Las Vegas 101. Mr. Nyman is also the co-Founder and President of the Nevada Business Brokers Association and is a Board Member of the Las Vegas Commercial Alliance. Mr. Nyman is a member of the State of Nevada Real Estate Commission Advisory Council and co-author of the State of Nevada Business Brokers Permit License test.

President and Chief Operations Officer: Linda Hentges-Nyman

Linda Hentges-Nyman has served as our President since June 2012. Ms. Nyman has also served as a franchisee of ours in Las Vegas and California since 2019. Ms. Hentges-Nyman has also served as our Chief Operations Officer (“COO”) and co-founder since our inception in August 2005. Ms. Hentges-Nyman also served from 1996 to 2019 as the Treasurer of our prior affiliate, Las Vegas 101. Linda was co-author of the State of Nevada Business Brokers Permit License test.

Freddie McFinn, Business Broker. Mr. McFinn has been a Business Broker since 1981. First in Los Angeles, CA where he worked for some of the largest Business Brokerage companies rising to management positions Freddie was also President of Pace Investments in Beverly Hills, a boutique business brokerage formed by him and two attorneys. Freddie moved to Las Vegas in 1994 where he continued his Business Brokerage career. Freddie actively works with Buyers and Sellers regardless of whether its large multi-million dollar one or a small mom and pop business. Over the last two years Freddie’s focus has been on the sale of medical practices by diligently guiding buyer and sellers through the purchase and sale process and every step of the way bringing decades of experience to each transaction. He attended Long Island University and C.W. Post.

Trent Lee, Business Broker. Mr. Lee has served as the Owner and a Business Broker for Trent Lee, LLC (a franchisee of ours) in Las Vegas, Nevada since February 2018. From January 2015 to the present, Mr. Lee also served as the Owner and Trainer for Trent Lee Agency, LLC in Las Vegas, Nevada. From January 2012, Mr. Lee has served as the Owner of Product Stop, LLC in Las Vegas, Nevada. Mr. Lee has been honored with the award for highest number of closed transactions in the USA by our National Association (IBBA), for 2019, 2020 and 2021.

Howard Meltzer, Database Manager/Marketing: Mr. Meltzer has served as the Database Manager/Marketing at First Choice Business Brokers since August 2021. He has served as President at ProPoint Management Services since April 2002.

Mounir Bousaid, Business Broker: Mr. Bousaid has been a Franchisee with First Choice Business Brokers in Orlando since 2021. He served as a Business Broker with First Choice Business Brokers in Las Vegas since February 2015.

Other than the Initial Training / Marketing Fee, you are not required to pay any charges to attend initial training. Because initial training is conducted online, we do not anticipate that you will incur any travel or living expenses to attend initial training.

Before you commence operation of the Franchised Business, you and your Key Personnel must attend and successfully complete our training program for new franchisees to our satisfaction. We may require additional training programs or refresher courses.

## **ITEM 12** **TERRITORY**

### Area of Operations

Your franchise will operate within a geographical area that we designate as your “Area of Operations.” Your specific location, which we call your “Approved Location,” must be approved by us.

Your Area of Operations will be described on Schedule 1 attached to the Franchise Agreement. Typically, your Area of Operations will include a minimum population of 325,000, as determined by the US Census Bureau, or another source we deem reliable, and will be defined by zip codes, natural or political boundaries.

### Relocation of your Franchised Business

You will operate your Franchised Business from one location within your Area of Operations and must receive our permission before relocating. If you wish to relocate your franchise, you may request our consent to relocate to another Approved Location within your Area of Operations. We will not unreasonably withhold our consent, but such consent must be in writing to be effective.

### Rights of First Refusal

We do not customarily grant to franchisees options, rights of first refusal or similar rights to acquire additional franchises, although we do retain the right to do so within our sole discretion.

### Non-Exclusive Territory

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, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks that is physically located within your Area of Operations. Other franchisees and/or their agents will be permitted to work with their clients who have a business located in your Area of Operations, but they will not be permitted to mass market into your Area of Operations.

Continuation of your exclusivity within your Area of Operations depends on achieving a minimum of \$200,000 in Gross Fees for the second year of operations within the Area of Operations and each year thereafter. If your Area of Operations is one in which another franchisee of ours

previously operated, then the age of the Area of Operations is determined by the length of time a FIRST CHOICE franchise has been or was operated within the Area of Operations. If you do not meet this minimum, we may serve a notice to cure upon you and terminate your exclusivity within the Area of Operations.

We may also modify the boundaries of your Area of Operations upon renewal if there is a population increase in your Area of Operations in order that your Area of Operations maintains roughly the same population upon renewal as when you first acquired the Franchise.

Restrictions on Solicitation

We and our affiliates reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Area of Operations using our Proprietary Marks or under trademarks different from the ones that you will use under the franchise agreement.

You and other franchisees also may solicit and transact business in any jurisdiction in which you or they may legally do so, including through other channels of distribution, such as the internet, social media, telemarketing, or other direct marketing, to make sales outside your Area of Operations, provided that you do not Mass Market in any area outside of your Area of Operations. “Mass Market” means a concentrated effort or plan through mail, emails, telephone, Internet solicitations (including social media), in person visits, or such other means as we designate, to business locations to obtain business listings.

We are not obligated to pay compensation to you for soliciting or accepting orders from inside your Area of Operations.

You may solicit and accept orders from customers outside your Area of Operations, including through other channels of distribution such as social media, telemarketing, or other direct marketing.

Neither we nor any affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.

**ITEM 13**  
**TRADEMARKS**

The franchise agreement licenses to you the right to use the following principal trademarks (“Marks”) registered or applied for with the U.S. Patent and Trademark Office (“USPTO”):

Mark	Principal / Supplemental Register of USPTO	Registration Date	Registration Number
FIRST CHOICE BUSINESS BROKERS (Word mark)	Principal	December 30, 2008	3554190

Mark	Principal / Supplemental Register of USPTO	Registration Date	Registration Number
 (Logo)	Principal	November 18, 2008	3534142

We have filed all required affidavits relating to the registered Marks shown above.

There are presently no effective determinations by the USPTO, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving our Marks.

We have no pending infringement, opposition, or cancellation proceedings. We have no pending material litigation involving marks that are material to the franchise. We have no agreements that significantly limit our rights to use or license the use of our Marks that are material to the Franchised Business. We do not know of superior prior rights or infringing uses that could materially affect your use of our principal trademarks in your state.

If any claim is filed against you relating to your proper use of our Marks, you must notify us immediately and cooperate with any action by us. We are not obligated to defend or indemnify you for damages you incur in any claim, action or proceeding brought by any person against you claiming to have superior rights to the Marks, but we may do so in our sole discretion. To be eligible for us to defend or indemnify you, you must follow the Franchise Agreement and be using the Marks according to our rules.

We will have discretion to take any action we deem appropriate and the right to control exclusively any settlement, litigation, or administrative or other proceeding relating to any infringement, challenge or claim or otherwise relating to any Mark.

You must modify or discontinue use of any of the Marks if we modify or discontinue such use. If this happens, we will reimburse you for your tangible costs of compliance. You must not directly or indirectly contest any right to our Marks, trade secrets, or business techniques that are a part of our business.

You will not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks, including any Marks which we license to you after you sign the Franchise Agreement. All of your usage of the Marks and any goodwill established from their use will inure to our benefit and the benefit of our successor(s) or affiliate(s).

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

No patents are material to the franchise. We claim copyright protection of the Manuals and related materials, system software and other brand identity/marketing/advertisement/promotional

materials. We have not registered all of these copyrights with the United States Copyright Office, but do not need to do so at this time to protect them. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. You may use these items only as we specify while operating your Business (and must stop using them if we so direct you).

Certain other software programs used by FIRST CHOICE Offices may be protected by copyrights owned by independent third parties and licensed to us for our use and the use of our franchisees. We may or may not apply for other copyrights and service marks in the future.

There currently are no effective determinations of the Copyright Office 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. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend you for any use by you of a patent, trademark, or copyright.

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of FIRST CHOICE Offices (the "Confidential Information"). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Manuals and in guidance furnished to you during the term of the Franchise Agreement. We claim proprietary rights in all of our Confidential Information, in whatever form it exists. You will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a FIRST CHOICE Office during the term of the Franchise Agreement.

We consider our Manuals Confidential Information. You will receive one copy of the Manuals on loan from us during the training program that is required under the Franchise Agreement, and you must retain it for the term of the Franchise Agreement and update it periodically as directed by us. You are required, at all times, to treat the Manuals, any other manuals or written directions or instructions regarding the operation of the Franchised Business, and the information they contain as secret and confidential. We may revise the Manuals, and you will be required comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

All ideas, concepts, techniques, or materials concerning a FIRST CHOICE Office, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System. You are required to assign to us ownership of that item, and all related rights to that item, and you must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

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

As a franchisee, you are encouraged but not required to personally operate your Franchised Business. In either case, there are no restrictions on your ability to hire employees or appoint agents to operate or assist you in the operation of your franchise business.

Personal “on-premises” supervision is not required of individual or business entity franchisees but we strongly recommend on-premises supervision. If you choose not to personally supervise your franchise, we do not place any limits on who you can hire as an on-premises supervisor (your Key Personnel). However, any Key Personnel you hire or appoint must successfully complete our training program. We do not require your Key Personnel to have any equity interest in your business. Your Key Personnel need not have an ownership interest in the Franchised Business.

Our franchise model allows (but does not require) you to build a team of Associates. Associates are independent contractors (and not employees) with whom you have an arms’ length contractual relationship. Under no circumstances will your Associates be deemed an employee of ours, and your contract with each Associate must clearly state that his or her contractual relationship is with you, and not us, and that we are not a party to the contract.

At our request, you must obtain and furnish to us non-disclosure and non-competition covenants in a form and substance satisfactory to us (including covenants applicable upon the termination of a person’s relationship with you) from any or all of the following persons: (a) the Key Personnel; (b) all managers and any other personnel employed by you who have received or will receive training from us; and (c) all officers, directors, partners, principals, lenders, and other holders of a beneficial interest of five percent or more of your securities or equity interests, and of any corporation or other entity directly or indirectly controlling, controlled by, or under common control with you. Our current form Confidentiality and Non-Competition Agreement is attached to the Franchise Agreement as Schedule 5.

You are required to have those individuals with an ownership interest in the Franchised Business enter into the Guaranty, Indemnification and Acknowledgement attached to both the Franchise Agreement as Schedule 2.

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

You can offer, rent, and sell only those goods and services that conform to our standards and specifications. You need to comply with the standards and policies in the Manuals. All goods and services offered in your business must be approved by us. We may add additional authorized services and products that you must offer, and delete items when we deem appropriate, and there are no limits on our right to do so.

You may determine the prices at which you sell the products and services of the Franchised Business, as well as the terms and conditions of sale for such products and services. We may,

from time to time, suggest prices to you for the sale of products and services, but you will not be required at any time to sell at or above such suggested prices.

You may accept business from outside your Area of Operations. You can also place advertising in media within or directly solicit orders within your Area of Operations without special permission from us. Other franchisees in your Area of Operations may accept business from and provide services to customers regardless of their proximity to your Approved Location without special permission from us. You can also place advertising in media within or directly solicit orders anywhere within your Area of Operations without special permission from us. You may not mass market into another Franchisee’s Area of Operation. Mass marketing is defined as a concentrated effort or plan through mail, emails, telephone, in person visits, or such other means as we designate, to business locations to obtain business listings.

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

**THE FRANCHISE RELATIONSHIP**

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	2.1	Agreement starts on signing and ends 10 years thereafter.
b. Renewal or extension of the term	2.2	If you are in good standing and meet our conditions for renewal, you will be granted the opportunity to obtain a successor to your franchise agreement for an unlimited number of additional 10-year terms.
c. Requirements for franchisee to renew or extend	2.2	<p>In order to renew your franchise, you must:</p> <ul style="list-style-type: none"> <li>(a) Give us written notice;</li> <li>(b) Not be in default;</li> <li>(c) Have satisfied all of your monetary obligations;</li> <li>(d) Execute our then-current form of Franchise Agreement, which may contain materially different terms and conditions than the current agreement;</li> <li>(e) Comply with our then-current qualification and training requirements for new franchisees;</li> <li>(f) Execute a general release; and</li> <li>(g) have operated the Franchise on an ongoing basis with business listings and at least twenty (20) closed transactions during the Initial Term.</li> </ul> <p>If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, like different fee requirements and territorial rights.</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
d. Termination by franchisee	15	You may terminate upon any grounds available under applicable law, by selling your franchise pursuant to the franchise agreement, or by not renewing.
e. Termination by franchisor without cause	15	Not applicable.
f. Termination by franchisor with cause	15.1	We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. "Cause" defined – curable defaults	15.2	<p>You will have thirty (30) days after notice to cure defaults relating to your:</p> <ul style="list-style-type: none"> <li>(a) failure to pay fees that you owe us, our affiliates, or vendors, or fail to submit to us financial information as required under the Franchise Agreement;</li> <li>(b) failure to operate the Franchise in strict compliance with all of the standards or procedure outlined in the Franchise Agreement, in the Manual or otherwise in writing or failure to promptly pay all expenses;</li> <li>(c) failure to obtain our prior written approval or consent, where required;</li> <li>(d) engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to the Marks.</li> </ul> <p>Any default not specifically listed in Section 15.1 of the Franchise Agreement must be cured within thirty (30) days of notice.</p>
h. "Cause" defined – non-curable defaults	15.1	<p>You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you:</p> <ul style="list-style-type: none"> <li>(a) are insolvent;</li> <li>(b) or your Key Personnel fail to satisfactorily complete our initial training program;</li> <li>(c) fail to open the Franchise within the required time limits;</li> <li>(d) abandon the franchise or lose the right to transact business in the legal jurisdiction where your Office is located;</li> <li>(e) Or any of your officers, directors, partners, or principals are convicted of a criminal offense or engage in conduct that we believe is reasonably likely to have an adverse effect on the System;</li> <li>(f) make an unauthorized transfer of the business;</li> <li>(g) fail to consummate an approved transfer within the time required following your death or mental incapacity;</li> <li>(h) violate any covenant not to compete or relating to confidential information;</li> <li>(i) knowingly maintain false books or records, or submit false reports to us;</li> <li>(j) misuse our Marks or any aspect of the System, or otherwise materially impair the goodwill associated with the System;</li> <li>(k) Refuse to permit us to inspect your Office, books, records, or accounts;</li> </ul>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		(l) Upon receiving from us a notice of default, fail to immediately initiate a remedy to cure your default; (m) receive from us more than three (3) notices of default under the Franchise Agreement within a twelve (12) month period, regardless of whether you cured those defaults; or (n) breach any material term of the Computer System User License Agreement, except for those terms relating to payment.
i. Franchisee's obligations on termination/non-renewal	16, 17	Upon termination you shall cease operating as a FIRST CHOICE Office, pay all sums due to us, cease to use the Marks and our software/database, cancel any fictitious name which contains the Marks, turn over all Manuals, records, files and any materials relating to the operation of the Franchised Business, cancel or transfer all telephone numbers and directory listings to us, and comply with all covenants.
j. Assignment of contract by franchisor	14.1	We may transfer the Franchise Agreement without your consent.
k. "Transfer" by franchisee – defined	14	Includes transfer of contract, the Franchised Business, assets, or ownership change
l. Franchisor approval of transfer by franchisee	14.2	We have the right to approve all transfers but we will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	14.3	We have the right to condition our approval of any transfer proposed by you upon the following: (a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our affiliates; (b) We must have declined our right of first refusal; (c) Your transferee must have been approved in writing by us; (d) Your transferee must execute our then-current form of franchise agreement, which may contain terms and conditions materially different from those in your existing franchise agreement; (e) You must pay us a transfer fee; (f) You and your owners must execute a general release; and (g) You must re-affirm to us that you are liable for all obligations you owe to us that arose prior to the effective date of the transfer; (h) Your transferee and/or its Key Personnel must, at your transferee's expense, undergo a minimum of five (5) days of training at our corporate facility in Las Vegas, Nevada, or at a location designated by us; and (i) Your transferee must enter into a written assignment agreeing to discharge all of your obligations under the Agreement, and must guarantee the performance of all such obligations.
n. Franchisor's right of first refusal to acquire franchisee's business	14.5	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 30 days from the date that you give written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Franchised Business.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
o. Franchisor's option to purchase franchisee's business	14	Not applicable.
p. Death or disability of franchisee	14.6	In the event of legal incapacity, the heirs, legal representatives, etc. must, within 120 days, either (i) apply to us for the right to continue to operate the Franchise (if they are qualified) or (ii) sell, assign, transfer or convey the interest.
q. Non-competition covenants during the term of the franchise	17.2	You must not be in a competing business anywhere and must not attempt to divert customers of the Franchised Business to any competitive business.
r. Non-competition covenants after the franchise is terminated or expires	17.3	You will not engage in a competing business within a 20-mile radius of your Approved Location or Area of Operations using the Marks, including at the premises of the Franchised Business, and within a 20-mile radius of any other FIRST CHOICE Office, for a period of 2 years after your Franchise Agreement is terminated. You must completely disassociate yourself from the Marks and return the Manuals and other confidential materials provided to you by us.
s. Modification of the agreement	7.1 and 23	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	23	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	25.9; Schedule 9	You must mediate claims against us before filing in court. You agree to arbitrate only as may be specified in State Addenda.
v. Choice of forum	25.2	Subject to state law, litigation must be in the courts of the state of Nevada located in Las Vegas, Nevada, and the United States District Court for the District of Nevada.
w. Choice of law	25.1	Nevada law applies (subject to state law).

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

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial

performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jeffrey Nyman at First Choice Business Brokers, Inc., 851 South Rampart Blvd., Suite 200, Las Vegas, Nevada 89145, (702) 368-2500, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**Table No. 1**  
**Systemwide Outlet Summary**  
**For the years 2021 through 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	40	39	-1
	2022	39	62	+23
	2023	62	90	+28
Company-Owned	2021	0	7	+7
	2022	7	6	-1
	2023	6	5	-1
Total Outlets	2021	40	46	+6
	2022	46	68	+22
	2023	68	95	+27

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than to Franchisor)**  
**For years 2021 through 2023**

State	Year	Number of Transfers
Arizona	2021	0
	2022	0
	2023	1
Missouri	2021	0
	2022	0
	2023	1
North Carolina	2021	0

State	Year	Number of Transfers
	2022	0
	2023	2
Texas	2021	1
	2022	0
	2023	0
Totals	2021	1
	2022	0
	2023	4

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2021 to 2023\***

State	Year	Outlets at Start of the Year	Outlets Opened	Termination s	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Arizona	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023	2	2	0	0	0	0	4
Arkansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	7	2	0	0	5*	0	4
	2022	4	4	0	1	0	0	7
	2023	7	2	0	0	0	0	9
Colorado	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Connecticut	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Florida	2021	3	1	1	0	0	0	3
	2022	3	2	0	0	0	0	5
	2023	5	1	0	0	0	0	6
Georgia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2023	1	0	0	0	0	0	1
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	1	1	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	2	0	0	0	0	0	2
	2022	2	3	0	0	0	0	5
	2023	5	1	0	0	0	0	6
Montana	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Nebraska	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	1	1	0	0	2*	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	0	2	2	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New York	2021	2	0	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	5	0	0	0	0	7
North Dakota	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
South Dakota	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	7	0	1	0	0	7
Texas	2021	3	1	0	0	0	0	3
	2022	3	1	2	0	0	0	4
	2023	4	7	0	0	0	0	11
Utah	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Virginia	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	2	0	0	0	0	6

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total Outlets	2021	40	5	2	0	5	1	39
	2022	39	24	5	0	5	0	62
	2023	62	30	1	1	0	0	90

\*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2021	0	0	5	0	0	5
	2022	5	0	0	0	1	4
	2023	4	0	0	1	0	3
Nevada	2021	0	2	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Total Outlets	2021	0	2	5	0	0	7
	2022	7	0	0	0	1	6
	2023	6	0	0	1	0	5

**Table No. 5**  
**Projected Openings for 2024 as of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	5	0
Florida	0	2	0
Hawaii	0	1	0
Illinois	0	3	0
Minnesota	0	1	0
New Jersey	0	2	0
Pennsylvania	0	1	0
Texas	0	5	0
<b>TOTALS</b>	0	21	0

Exhibit G-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their outlets as of the end of our last fiscal year.

Exhibit G-2 lists the name, city, and state of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement within the last fiscal year. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

## **ITEM 21** **FINANCIAL STATEMENTS**

Exhibit E contains our audited financial statements for our fiscal years ending December 31, 2023, 2022, and 2021.

We are also attaching non-audited financial statements as of May 31, 2024. 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.

## **ITEM 22** **CONTRACTS**

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

Exhibit A. Franchise Agreement

Schedule 1 – Area of Operations and Approved Location

Schedule 2 – Guaranty, Indemnification, and Acknowledgement

Schedule 3 – Computer System User License Agreement

Schedule 4 – Assignment of Telephone Numbers, Internet Addresses, and Social Media Identities

Schedule 5 – Confidentiality and Non-Competition Agreement

Schedule 6 – Statement of Ownership

Schedule 7 - ACH Authorization

Schedule 8 - Franchisee Compliance Certification

**We will not ask you to complete the Compliance Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

Schedule 9 - State Addenda to the Franchise Agreement  
Exhibit B. Non-Disclosure Agreement  
Exhibit D. General Release

**ITEM 23**  
**RECEIPTS**

Exhibit K contains the Receipts. You should sign and date both copies of the Receipt, retaining one copy for your records and returning the other signed and dated copy to us.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**FIRST CHOICE BUSINESS BROKERS, INC.**



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Schedule 1 –Area of Operations and Approved Location

Schedule 2 – Guaranty, Indemnification, and Acknowledgement

Schedule 3 – Computer System User License Agreement

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Schedule 6 – Statement of Ownership

Schedule 7 – ACH Authorization

Schedule 8 – Franchisee Compliance Certification

Schedule 9 - State Addenda to the Franchise Agreement

## FRANCHISE AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into on \_\_\_\_\_, 20\_\_ by and between FIRST CHOICE BUSINESS BROKERS, INC., dba FIRST CHOICE (hereinafter referred to as “Franchisor,” “FIRST CHOICE,” “we,” “us,” or “our”), and \_\_\_\_\_ (hereinafter “Franchisee” or “You”) with reference to the following facts:

- A. As the result of the expenditure of time, skill, effort, and money, FIRST CHOICE has developed a distinctive business brokerage business. You will be given the opportunity to learn about our trade and practice from the leadership of FIRST CHOICE. The businesses utilize a specially developed system, including methods and procedures in branding the FIRST CHOICE concept (the “System”);
- B. The System consists of a distinctive approach to efficient operation of a business brokerage service; an Opening Guide and Plan of Action for Franchise Success, and Complete Operations Manual; training courses; and specially designed procedures for the promotion of the services of the business;
- C. The distinguishing characteristics of the System include, without limitation, distinctive products, uniform standards, specifications, and procedures for operations, procedures for management, training and assistance, and marketing and promotional programs, all of which may be changed, improved, and further developed from time to time;
- D. The FIRST CHOICE businesses are identified by the name and/or trademark, “FIRST CHOICE,” and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as are now designated, and may hereafter be designated, by us in writing for use in connection with the System (the “Proprietary Marks”);
- E. You desire to operate a FIRST CHOICE Franchise (defined below) under the System and using the Proprietary Marks, and wish to enter into this Agreement with us for that purpose, and to receive the training provided by us and other assistance in connection therewith; and
- F. You understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service, and the necessity of operating the business franchised hereunder in conformity with our standards and specifications.

**THEREFORE**, the parties agree as follows:

### **1. GRANT OF FRANCHISE**

- 1.1 Subject to all of the terms and conditions set forth in this Agreement, FIRST CHOICE grants to you the right, and you undertake the obligation, upon the terms and conditions set forth in this Agreement: (a) to establish and operate a FIRST CHOICE business (hereinafter referred to as the “Franchise”) at the Approved Location (defined below), under the System, and in association with the Proprietary Marks, and (b) to use the Proprietary Marks and the System solely in connection therewith.

1.2 You must:

1.2.1 Operate the Franchise only within the Area of Operations more fully described in Schedule 1 (referred to as the “Area of Operations”), at the location described in Schedule 1 (the “Approved Location,” and/or “Premises”), which is attached hereto and incorporated herein by reference.

1.2.2 At our sole discretion, you may have premises at which you will maintain all documents, books, records and accounts, including, but not limited to, any manuals and proprietary computer software relating to the Franchise which shall be at the following location:

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

(sometimes referred to as the “Approved Records Location”). However, you shall not, without written authorization to do so, operate the Franchise at this location.

1.2.3 Operate the Franchise at the Approved Location only if we approve the Approved Location in writing. You may operate your Franchise from an office location which is a “home-based office,” provided that: 1) you have no agents or Associates; and 2) you have a professional meeting place to meet with clients that is approved by us. Except as otherwise permitted by this Agreement, you agree that you or any of your agents or Associates will not operate or establish any satellite, branch or other extension of the Franchise from any other location without our prior written consent. You further agree not to conduct, or permit anyone affiliated with the Franchise to conduct, any business or activity at the Approved Location other than the services and product sales authorized under this Agreement, unless we approve of such other activity in writing.

1.3 Area of Operations

Your franchise will be for a specific location within a geographical area that we designate as your “Area of Operations.” Your specific location, which we call your “Approved Location,” must be approved by us and must be inside your Area of Operations. Your Area of Operations is described on Schedule 1.

1.4 Relocation of your Franchised Business

You will operate your Franchised Business from one location within your Area of Operations and must receive our permission before relocating. If you wish to relocate your franchise, you may request our consent to relocate to another Approved Location within your Area of Operations. We will not unreasonably withhold our consent, but such consent must be in writing to be effective.

1.5 Rights of First Refusal

We do not customarily grant to franchisees options, rights of first refusal or similar rights to acquire additional franchises, although we do retain the right to do so within our sole discretion.

## 1.6 Area of Operations is Not Exclusive

Your Area of Operations is not exclusive. 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, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks that is physically located within your Area of Operations. Other franchisees and/or their agents will be permitted to work with their clients who have a business located in your Area of Operations, but they will not be permitted to mass market into your Area of Operations.

Continuation of your exclusivity within your Area of Operations depends on achieving a minimum of \$200,000 in Gross Fees for the second year of operations within the Area of Operations and each year thereafter. If your Area of Operations is one in which another franchisee of ours previously operated, then the age of the Area of Operations is determined by the length of time a FIRST CHOICE franchise has been or was operated within the Area of Operations. If you do not meet this minimum, we may serve a notice to cure upon you and terminate your exclusivity within the Area of Operations.

## 1.7 Restrictions on Solicitation

We and our affiliates reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Area of Operations using our Proprietary Marks or under trademarks different from the ones that you will use under the franchise agreement.

You and other franchisees also may solicit and transact business in any jurisdiction in which you or they may legally do so, including through other channels of distribution, such as the internet, social media, telemarketing, or other direct marketing, to make sales outside your Area of Operations, provided that you do not Mass Market in any area outside of your Area of Operations. "Mass Market" means a concentrated effort or plan through mail, emails, telephone, Internet solicitations (including social media), in person visits, or such other means as we designate, to business locations to obtain business listings.

We are not obligated to pay compensation to you for soliciting or accepting orders from inside your Area of Operations.

You may solicit and accept orders from customers outside your Area of Operations, including through other channels of distribution such as social media, telemarketing, or other direct marketing.

## **2. TERM AND RENEWAL**

2.1 Except as otherwise provided herein, the initial term of this Agreement shall expire ten (10) years from the date first above written, unless sooner terminated in accordance with the provisions hereof (the "Initial Term").

2.2 You may, at your option, acquire a successor to this franchise for an unlimited number of additional ten-year periods (each, a "Successor Term"), provided that you meet the following conditions prior to the expiration of this Agreement:

- 2.2.1 You must give FIRST CHOICE written notice of your election to renew not more than one (1) year and not less than six (6) months prior to the end of the Initial Term or applicable Successor Term of this Agreement;
- 2.2.2 You must not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and FIRST CHOICE, or its affiliates, and must shall have complied with all the terms and conditions of such agreements during the term(s) thereof;
- 2.2.3 You must have satisfied all monetary obligations owed by you to FIRST CHOICE and its affiliates, and must have timely met those obligations throughout the term of this Agreement;
- 2.2.4 You shall execute the FIRST CHOICE then-current form of the Standard Franchise Agreement being offered to new or renewing franchise owners under the System at the time of the renewal, which shall supersede this Agreement in all respects (sometimes referred to as the “Successor Franchise Agreement”), and which may contain terms substantially different than those contained in this Agreement, including but not limited to higher fees and a smaller Area of Operations, and the term of which will be the successor term specified herein;
- 2.2.5 You and your personnel shall comply with our then-current qualification and training requirements for new franchisees; and
- 2.2.6 You must execute our then-current form of general release of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, agents, and employees.
- 2.2.7 You must have operated the Franchise on an ongoing basis with business listings and at least twenty (20) closed transactions during the Initial Term.

### **3. DUTIES OF FRANCHISOR**

- 3.1 Before your Franchise is opened, we will provide to you the following assistance:
  - 3.1.1 Grant approval of your Area of Operations (your Area of Operations will be as set forth in Schedule 1 hereto);
  - 3.1.2 Conduct a minimum of seven (7) days of live virtual training. This training may, at our election, also be held at our corporate office in Las Vegas, Nevada or elsewhere. You must complete this training prior to opening the Franchise. You are responsible for all travel, lodging, meals and other expenses incurred to attend training;
  - 3.1.3 Conduct monthly virtual training and brainstorming seminars focusing on foundational business brokerage basics and advanced techniques led by experienced senior business brokers;

- 3.1.4 Assist you in determining a location to be the Approved Location for the Franchise (the Approved Location will be as set forth in Schedule 1 hereto), the selection of which is your obligation and responsibility;
  - 3.1.5 Assist you in the layout of the Franchise and equipment selection process;
  - 3.1.6 Supply you with our FIRST CHOICE Opening Guide, Plan of Action for Franchise Success, and Complete Operations Manual (together, the “Manual”);
  - 3.1.7 Provide you with your list of approved and/or designated suppliers;
  - 3.1.8 Supply you with the FIRST CHOICE proprietary systems and Proprietary Marks; and
  - 3.1.9 Supply you with the recommended sales tracking system and the monthly reporting system.
- 3.2 During the operation of the Franchise we will:
- 3.2.1 Provide telephone support and training at or about the time of the opening of the Franchise;
  - 3.2.2 Provide marketing assistance during the first six (6) months of your operations, in exchange for your payment of the Initial Training/Marketing Fee;
  - 3.2.3 Provide updates, as necessary, modifications and/or changes to the Manual;
  - 3.2.4 At our option, we will provide you with location visits and visitation reports;
  - 3.2.5 At our sole discretion, conduct a mystery business for sale program to ensure product and service quality. In other words, we may present to you a disguised business for sale in order to measure the quality of services provided by you or your sales representatives;
  - 3.2.6 Provide support for your questions related to the operation of the Franchise;
  - 3.2.7 Develop new products and/or methods, and provide you with information about any such developments;
  - 3.2.8 We may hold conferences, additional training courses, or seminars to discuss and instruct you in techniques, performance standards, personnel training, bookkeeping, accounting, advertising programs, new products, marketing and general operating procedures. As set forth under Paragraph 6.3 below, you and your Key Personnel are required to attend at least one (1) of these programs each year. These conferences will be held at a location chosen by us and you will be responsible for attendance fees as well as your own travel expenses. You must pay us the attendance fee at least 60 days prior to the event;
  - 3.2.9 Provide on-going training and Franchise support services; and
  - 3.2.10 Administer, or appoint a third party to administer, a marketing fund, as set forth in Section 12 below.
- 3.3 You hereby acknowledge and agree that any designee, employee, or agent of FIRST CHOICE may perform any duty or obligation imposed on FIRST CHOICE by this Agreement, as FIRST CHOICE may direct.

3.4 You acknowledge that it is your sole responsibility for finding the Approved Location and that FIRST CHOICE is not obligated in any way to obtain an approved location for you, nor is FIRST CHOICE obligated to offer any assistance to you in negotiating with any third party landlords, vendors, or contractors. FIRST CHOICE may, but is not required to, assist you in identifying and obtaining an Approved Location through advice and/or negotiations with third parties, but it is your exclusive responsibility, financially and otherwise, to secure a proposed location, to complete any improvements to the Approved Location, and to engage in any other activity necessary to prepare the Approved Location for opening.

**4. FEES**

4.1 **Initial Franchise and Training/Marketing Fees.** In consideration of the Franchise granted herein, upon execution of this Agreement, you shall pay to FIRST CHOICE an initial franchise fee of \$40,000 and an Initial Training/Marketing Fee. If you sign this Agreement before July 1, 2024, the Initial Training/Marketing Fee is \$12,500. If you sign on or after July 1, 2024, the Initial Training/Marketing Fee is \$14,000. None of these fees are refundable and will be deemed fully earned by FIRST CHOICE upon execution of this Agreement. We offer a \$5,000 discount on the initial franchise fee for an honorably discharged veteran of the United States Armed Forces.

4.2 **Royalty.** As soon as you begin collecting Gross Fees, you shall pay to FIRST CHOICE a monthly royalty fee (“Royalty”) of 10% of Gross Fees (as defined in this Section 4) up to \$850,000 during the term of the Franchise Agreement, and 8% of Gross Fees thereafter, to be paid and accounted for on a monthly, weekly, or daily basis as we instruct. The Royalty is subject to a \$300/month minimum beginning in the 13th month of operations. The Royalty due for each month shall be due on the first day of the following month and must be paid on or before the fifth day of that month.

4.3 **Brand Fund Contribution.** You are required to pay to FIRST CHOICE a Brand Fund Contribution as set forth in Section 12.1 below.

4.4 **Technology Fee.** You agree to sign a Computer System User License Agreement (attached to the Franchise Agreement as Schedule 3) and pay to us a Technology Fee of \$350 per month plus \$145 per month per Agent that you have, to use the Computer System. This fee begins 60 days after you sign this Agreement. FIRST CHOICE has the right to increase the Technology Fee annually, except that no such increase will exceed a total of 10% of the monthly fee charged during the previous year. This fee will also pay for certain website-related services that FIRST CHOICE will provide to you, as described in the Manual.

4.5 **Listing Administrative Support Fee.** During the first six (6) months after you make your initial listing, we will provide you administrative support services for the operation of your Franchise. After that period, at our option we may offer you continued support for your listings. If we do so and you use those services, you agree to pay to us a monthly Administrative Support Fee, based on the number of active listings you have, if you choose to use our administrative support services for the operation of your Franchise. The amount of the Administrative Support Fee you pay will be according to the following schedule:

# of Active Listings	Monthly Fee Amount
0-15	\$250

# of Active Listings	Monthly Fee Amount
16-30	\$500
31-60	\$750
61-100	\$1,200
101 or More	\$1,500

We have the right to increase the Administrative Support Fee annually, except that no such increase will exceed a total of 10% of the monthly fee charged during the previous year.

- 4.6 **Processing Fees.** If you wish to pay, and we agree to accept, the payment of any fees you must make to us via credit card or similar bank payment and we are charged a fee for processing (or the amount of fees we received are reduced by such processing charges), you must ensure that the amount of fees we actually receive are equal to the entire amount you owe.
- 4.7 **Method of Payments.** Franchisee expressly acknowledges and agrees that Franchisee’s obligations for the full and timely payment of Royalties and Brand Fund Contributions, if applicable, (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon Franchisee’s generation of Gross Fees. You must pay all amounts due to us by automated clearinghouse (“ACH”). See Schedule 7 to the Franchise Agreement. We or our designee will debit your bank account for the Royalties and any other amounts owing to us. You are required to make the funds available for withdrawal from your account before each due date. If you pay any amount to us by credit card, we will charge a fee equal to a percentage of the total amount charged for card processing, currently 3%. You shall comply with the payment and reporting procedures specified by Franchisor in the Manual.
- 4.8 **Interest on Overdue Amounts.** Any payment or report not actually received by FIRST CHOICE (or the entity it may designate) on or before the due date shall be deemed overdue. If any payment is overdue, you shall pay FIRST CHOICE a 9% late fee in addition to the overdue amount, plus interest on total amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. This will be in addition to any other remedies FIRST CHOICE may have.
- 4.9 **“Gross Fees” Defined.** As used in this Agreement, “Gross Fees” includes all consideration, whether by cash, credit, barter, or otherwise, derived directly or indirectly from your operation of the Franchised Business (from all sources, including but not limited to referral fees and consulting revenues). “Gross Fees” does not include:
- (a) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by Franchisee to the appropriate governmental authority; or
  - (b) all customer refunds and credits made by the Franchise (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Gross Fees consisting of property, products or services shall be valued at the retail prices applicable and in effect at the time that they are received.

## **5. OPENING OF THE FIRST CHOICE FRANCHISE**

- 5.1 Not less than thirty (30) days prior to the opening date of the Franchise, you shall order such minimum initial inventory of the brochures, business cards, products, equipment and software as prescribed in the Manual or otherwise in writing. You shall provide to FIRST CHOICE reasonable and timely notice that you have obtained such inventory prior to opening of the Franchise.
- 5.2 You agree to open the Franchise within one hundred and twenty (120) days after execution of this Agreement, unless FIRST CHOICE agrees otherwise in writing.

## **6. TRAINING**

- 6.1 You must ensure that each of you, your Key Personnel, and your non-key personnel have completed our required training program, as applicable:

6.1.1 Prior to the opening of your Franchise, and not more than 30 days after signing this agreement, you and your Key Personnel (as defined in Section 7.2), if appointed, must complete our initial training program, which is normally offered online. If we offer any live portion, you are not required to pay any charges to attend initial training. You are responsible for any travel, lodging, transportation, and meal costs.

6.1.2 All non-key personnel (including Associates) contracted or employed by you are required to attend our online training (First Choice University). For these non-key personnel there is a training fee, which will be \$500 per person. This training is mandatory for each Associate you employ or contract and must be completed within 30 days of hiring such individual. Such individuals will be required to sign an agreement governing the terms of their relationship with you and FIRST CHOICE, which appears in the Manual. You are responsible for the payments described in this section, but the training fee may be paid directly by your non-key personnel. You may not hire any person who will work primarily from any location outside of your Area of Operations without our prior written approval.

- 6.2 You and your Key Personnel must also attend any additional meetings, conferences, courses, seminars, and other training programs, as we may in our sole discretion provide from time to time. You and your Key Personnel are required to attend at least one (1) such meeting, conference, seminar, or training program per year. You will be required to pay us an attendance fee for each such meeting, conference, course, seminar, or other training programs. You must pay us the attendance fee at least 60 days prior to the event. You will also be required to bear the cost of all travel, lodging, and meals to and from such programs for you and any other person attending with you.
- 6.3 All training programs shall be at such times and places designated by us. We will provide instructors and training materials for all required initial training courses and such additional training courses, seminars, and programs as we may require in our sole discretion. You, your Key Personnel and/or your employees shall be responsible for any and all other

expenses and fees incurred by you in connection with any such courses, seminars, and programs, including, but not limited to, the costs of transportation, lodging, meals and wages.

## 7. YOUR DUTIES

- 7.1 You shall operate the Franchise in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Manual or otherwise in writing. You shall refrain from deviating from such standards, specifications, and procedures without our prior written consent.
- 7.2 Prior to the commencement of operations at the Franchise, you shall designate, subject to our reasonable approval, one or more individuals (the “**Key Person**” or “**Key Personnel**”) who shall be responsible for general oversight, management of the operations and recruiting Associates for the Franchise, if the Key Person is not the franchise owner. You acknowledge and agree that we have the right to rely upon the Key Personnel to have been given, by you, the responsibility and decision-making authority regarding your business and operation. In the event the person or persons designated as the Key Person dies, becomes incapacitated, leaves your employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchise, you must promptly designate a new Key Person, subject to our reasonable approval.
- 7.3 You must meet and maintain the highest governmental standards and ratings applicable to the operation of the Franchise. You shall furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any governmental agency with jurisdiction over the Franchise.
- 7.4 You shall at all times maintain the Franchise, and the business equipment or products used in connection therewith, in a high degree of cleanliness, repair, and condition, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, fixtures, equipment, and decor as we may reasonably direct.
- 7.5 To maintain the high standards of quality and uniformity associated with the System, you shall offer and sell all products and services that FIRST CHOICE specifies from time to time. You are prohibited from offering or selling any services or products from or through the Franchise that have not previously been authorized by FIRST CHOICE. If you wish to offer or sell any services or products that have not previously been authorized by FIRST CHOICE, you must first make a written request to FIRST CHOICE, requesting authorization to offer or sell such services or products. FIRST CHOICE may deny such approval for any reason. In connection with such request for approval, you must submit to FIRST CHOICE such information and samples as FIRST CHOICE desires. Upon demand, you must pay us a fee in an amount we reasonably determine to cover our costs of reviewing and evaluating the requests for approval you submit.
- 7.6 FIRST CHOICE reserves the right to designate, at any time and for any reason suppliers for any equipment, supplies, services, or products.

- 7.7 FIRST CHOICE may, from time to time, suggest prices to you for the sale of products and services, but you will not be required at any time to sell at or above such suggested prices. You may determine the prices at which you sell the products and services of the Franchise, as well as the terms and conditions of sale for such products and services.
- 7.8 Not less than thirty (30) days prior to the opening date of the Franchise, you must purchase the minimum initial inventory of approved business cards, brochures, and supplies prescribed by us in the Manual or otherwise in writing.
- 7.9 To ensure the efficient management and operation of the Franchise and the transmission of data to and from FIRST CHOICE, Franchisee, at its own expense, shall install, prior to opening the Franchise, and shall maintain and utilize during the term of this Agreement such Communications and Information Systems as FIRST CHOICE may periodically specify in writing for use by franchisees that operate under the System.
- 7.9.1 As used in this Agreement, the term “**Communications and Information Systems**” means: hardware (including without limitation one or more computers, a lead management system such as Zoho, a customer relationship management (CRM) system, or similar systems; Computer User System (as defined below), and/or other computer components); software designed for the management and operation of the Franchise, as well as reporting and sharing information with FIRST CHOICE; and communication systems (including without limitation digital and analog modems, satellite, cable, and other systems).
- 7.9.2 The term “**Computer User System**” shall mean a system to be specified by FIRST CHOICE that includes functionality that may automate some or all of the following operations, in whole or in part: tracking individual sales transactions, customer resource management (CRM), office management, human resource management issues, maintaining and generating production schedules, vendor orders, inventory lists, product cost analyses, and other collections of data related to the operation of the Franchise.
- 7.9.3 Franchisee shall lease and/or purchase computer software as necessary to connect with FIRST CHOICE’s Communications and Information Systems. Franchisee shall not hire a third party or outside vendors not approved by FIRST CHOICE to perform any services or obligations in connection with the Communications and Information Systems, or any other of Franchisee’s obligations without FIRST CHOICE’s prior written approval. FIRST CHOICE’s consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with FIRST CHOICE and Franchisee in a form that is provided by FIRST CHOICE.
- 7.9.4 FIRST CHOICE may from time to time develop or authorize others to develop software programs for use in the System, which Franchisee may be required to purchase and/or license, and use, in connection with the Franchise (“**Proprietary Program(s)**”). Franchisee agrees that it shall execute any license, sublicense, or maintenance agreement required by FIRST CHOICE or any other approved licensor or approved vendor of such Proprietary Program, which will require the

payment of a fee by Franchisee for the use of such Proprietary Programs, at the then-current rate(s) set forth in the Manual(s).

7.9.5 Franchisee shall upgrade and update its Communications and Information Systems in the manner, and when, specified by FIRST CHOICE in writing.

7.9.6 Franchisee shall: (a) promptly enter, into its Communications and Information Systems, and maintain all information required to be entered and maintained by FIRST CHOICE; (b) provide to FIRST CHOICE such reports as FIRST CHOICE may reasonably request from the data so collected and maintained; and (c) permit FIRST CHOICE to access Franchisee's Communications and Information Systems at all times via modem or other means specified by FIRST CHOICE from time to time. Franchisee shall cooperate with FIRST CHOICE, and shall execute all documents required by FIRST CHOICE to permit access to Franchisee's Communications and Information Systems and data contained therein. The reporting requirements set forth in this Section shall be in addition to and not in lieu of the reporting requirements set forth under Section 11 below. Additionally:

(1) Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**").

(2) Upon entering into this Agreement, Franchisee authorizes FIRST CHOICE to send emails to Franchisee and all of those principals and employees associated with operating the Franchise to the extent such emails relate to the Franchise and/or the System.

7.9.7 When communicating with Franchisor in writing, Franchisee and its Associates shall communicate via the Franchisor provided e-mail addresses and system.

7.10 You must maintain a competent, conscientious, trained staff, including a fully trained, full-time manager, which may be yourself. You must take such steps as are necessary to ensure that your employees preserve good customer relations: which include rendering competent, prompt, courteous, knowledgeable services, and meeting such minimum standards as we may establish from time to time in the Manual or otherwise in writing. You and your employees shall handle all customer complaints, refunds, and other adjustments in a manner that will not detract from the name and goodwill of FIRST CHOICE. You shall be solely responsible for all employment decisions and functions of your Franchise and comply with all applicable laws including those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees.

7.11 You are permitted (but not required) to hire Associates to work in your Franchise. An Associate is a sales agent who will be paid by you on commission for the business brokerage transactions that the Associate generates, according to the agreement established between you and your Associate. Associates should be independent contractors (and not employees) with whom you have an arms' length contractual relationship. You may not, however, hire agents outside of your Area of Operations unless you receive our prior written approval.

7.11.1 Under no circumstances will your Associates be deemed an employee of FIRST CHOICE, and your contract with each Associate must clearly state that his or her contractual relationship is with you, and not FIRST CHOICE, and that FIRST CHOICE is not a party to the contract, but that it is an intended third party beneficiary of the contract with the right to enforce provisions relating to confidentiality, the use of FIRST CHOICE's trade secrets and intellectual property (including the Marks), and non-competition, as well as other elements required by FIRST CHOICE as set forth in the Manual from time to time. FIRST CHOICE must approve any contract between you and your Associate(s) to ensure your compliance with this provision.

- 7.12 You grant FIRST CHOICE and its agents the right to enter upon the premises of the Franchise at any time for the purpose of conducting inspections. Franchisee must cooperate with FIRST CHOICE's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from FIRST CHOICE or its agents and without limiting FIRST CHOICE's other rights under this Agreement, Franchisee must take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection.
- 7.13 You must at all times pay your distributors, lessors, contractors, suppliers, trade creditors, employees and other creditors promptly as the debts and obligations to such persons become due, and failure to do so shall constitute a breach of this Agreement. In the event you fail to pay any such obligations promptly as the debts to such persons or entities become due, FIRST CHOICE will, in addition to its other remedies provided in this Agreement, have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefor shall be paid by you to FIRST CHOICE with the next succeeding payment due FIRST CHOICE under this Agreement together with interest at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less, for all amounts so advanced by FIRST CHOICE for your benefit.
- 7.14 You agree and acknowledge that you are obligated to comply with FIRST CHOICE's on-line policy which is subject to change by FIRST CHOICE from time to time. **You agree and acknowledge that individual franchisee websites are prohibited unless specifically authorized by us in writing, and that your on-line promotional strategies must comply with FIRST CHOICE's on-line policy.** You further agree and acknowledge that FIRST CHOICE may require or proscribe your use of, review and monitor all on-line content on social media sites, blogs, electronic communication and other on-line sites on which its trademarks, service marks, trade names, copyrights or any similar marks are used. You agree to remove any usage or content that FIRST CHOICE requires, including without limitation, content that FIRST CHOICE deems to be scandalous, immoral or detrimental to FIRST CHOICE's image. You further agree and acknowledge that FIRST CHOICE may prohibit use of its trademarks, service marks, trade names, copyrights or any similar marks on any site or all sites.

## **8. PROPRIETARY MARKS**

8.1 We have the right to use, and to license others to use, the Proprietary Marks. You disclaim all rights, title and interest in or to the Proprietary Marks and any goodwill associated with the Proprietary Marks. You agree that you will not, during or after the term of this Agreement, engage

in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Proprietary Marks or the goodwill associated with the Proprietary Marks, including any use of the Proprietary Marks in a derogatory, negative or other inappropriate manner in any media, including but not limited to print or electronic media.

8.2 With respect to your use of the Proprietary marks as required by this Agreement, you agree that:

8.2.1 You are required to use the Proprietary Marks for the operation of the Franchise or in advertising for the Franchise and not otherwise;

8.2.2 You will use the Proprietary Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks;

8.2.3 Unless otherwise authorized or required by us, you shall operate and advertise the Franchise only under the name "FIRST CHOICE" and shall use all Proprietary Marks without prefix or suffix or any other variation of any kind. You shall not use the Proprietary Marks, or any marks, names or indicia which are or may be confusingly similar, as part of your corporate or other business or legal name, except as authorized by this Agreement;

8.2.4 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights;

8.2.5 You shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of us;

8.2.6 During the Initial Term of this Agreement and any Successor Term of this Agreement, you shall identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchise in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchise as we may designate in writing;

8.2.7 Without our prior written approval, you shall not use the Proprietary Marks as part of your corporate or other legal name, or as part of any e-mail address, website, domain name, or any other electronic media or social media (including use with any prefix, suffix, other modifying words, terms, designs, or symbols), or in any other manner connected with a website, advertisements on a website, social media site, or other similar means;

8.2.8 You may not use the words "First Choice," "First Choice Business Brokers," "FCBB," or any confusingly similar words as any part of the name of your corporation, LLC, or other entity, and you agree to file such fictitious, assumed name or similar certificate as we specify pursuant to our guidelines; and

8.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

- (a) You must promptly notify us of any suspected infringement of, or any suspected unauthorized use of, the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to FIRST CHOICE's ownership of, or our or your right to use, the Proprietary Marks licensed hereunder. You acknowledge that we shall have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We shall also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.
- (b) If you have used the Proprietary Marks in accordance with this Agreement, we, in our sole discretion, may choose to defend you, at our expense, against any third-party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, you shall execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

8.2.10 **Publicity:** Except as may be required by law, you may not make any press announcement regarding the subject matter of this Agreement without our prior written consent.

8.2.11 **Name and Likeness:** You acknowledge and agree that we have the right to photograph and record, whether by audio, video or otherwise, You and your Franchise, and to use your name and likeness in all forms and media for advertising, trade, or any other lawful purpose, In connection with this right, You grant to us a non-exclusive, irrevocable, worldwide, royalty-free license to use, publish, display and reproduce this content in any form as described in this Section, and agree that this license shall survive the termination of this Agreement.

8.3 You expressly understand and acknowledge that:

8.3.1 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

8.3.2 During the term of this Agreement and after its expiration or termination, you shall not directly or indirectly contest the ownership, enforceability, or validity of, nor take any other action which tends to jeopardize, FIRST CHOICE's ownership of, or our right to use and to license others to use, the Proprietary Marks or FIRST CHOICE's right to grant franchises utilizing the Proprietary Marks;

8.3.3 Your use of the Proprietary Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Proprietary Marks;

8.3.4 Any and all goodwill arising from your use of the Proprietary Marks under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks;

- 8.3.5 The right and license of the Proprietary Marks granted hereunder to you is non-exclusive, and we thus have and retain the rights, among others: (a) to use the Proprietary Marks ourselves in connection with selling products and services, including, but not limited to, the same or similar products or services to be sold by your Franchise; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to you; and
- 8.3.6 We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You shall implement promptly any such substitution of new Proprietary Marks. FIRST CHOICE shall bear the costs of modifying your signs and advertising materials to conform to our new Proprietary Marks, but we shall otherwise have no obligation or liability to you as a result of such substitution.

## **9. OPERATIONS MANUAL**

- 9.1 In order to protect the reputation and goodwill of FIRST CHOICE, and to maintain high standards of operation under the System, you shall operate the Franchise in accordance with the standards, methods, policies, and procedures specified in the Manual, which we have the right to modify in our sole discretion.
- 9.2 You shall treat the Manual, any other manuals created for or approved for use in the operation of the Franchise, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. You shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.
- 9.3 The Manual shall remain our sole property and shall be kept in a secure place on the Premises.
- 9.4 You shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office shall be controlling.

## **10. CONFIDENTIAL INFORMATION**

- 10.1 You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any proprietary information contained in the Manuals or otherwise communicated to you in any form, and any other information, knowledge, know-how, drawings, materials, technology, equipment, marketing plans, strategic plans, methods, procedures, specifications, manuals, techniques, computer programs and systems concerning the methods of operation of the Franchise, including but not limited to: (a) information regarding the customers of the Franchise, including customer lists, customer names, and customer files; (b) the operating procedures of the System; (c) the economic and financial characteristics of the System and its Franchisees, including without limitation: pricing

policies and schedules, profitability, earnings and losses, capital and debt structures; (d) the services and products offered to customers of the Franchise; (e) materials we designate as confidential; and (f) the Manual (collectively, "Confidential Information"). You shall divulge Confidential Information only to such of your employees or independent contractors, or if you are a corporation, then to such officers, directors, and shareholders with a need to know the Confidential Information in order to operate the Franchise. Any and all information, knowledge, know-how, techniques, and other data that we designate as confidential shall be deemed confidential for purposes of this Agreement.

- 10.2 At our request, you shall require your Key Personnel, and any other personnel having access to any Confidential Information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchise. Such covenants shall be on FIRST CHOICE's then-current Confidentiality and Non-Competition Agreement, a form of which is attached to this Agreement as **Schedule 5**.
- 10.3 You acknowledge that any failure to comply with the requirements of this Section 10 will cause FIRST CHOICE irreparable injury, and you agree to pay all court costs and reasonable attorneys' fees incurred by FIRST CHOICE in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10.

## **11. ACCOUNTING AND RECORDS**

- 11.1 You must prepare and must preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manual or otherwise in writing. You must report any and all income to the Franchise that FIRST CHOICE requires (by way of example and not limitation, lender fees, real estate fees, and closings).
- 11.2 All sales, state, and county or municipal sales tax collected on behalf of third parties shall be recorded by you in accordance with the procedures prescribed in the Manual, or on such recording system as we may specify. This may include federal and state taxes to be withheld by you in reference to the sale of real estate by your clients. The withholding requirements may vary based upon the residency or citizenship of your client - seller.
- 11.3 You must, at your expense, submit to FIRST CHOICE in the form prescribed by us, the following reports, financial statements, and other data:
- 11.3.1 You must submit a monthly franchise report to accurately reflect all of your Gross Fees during the preceding calendar month (beginning on the first day of the month and ending on the last day of the month) no later than the fifth (5<sup>th</sup>) day of the following month.
- 11.3.2 You must provide, in a manner and format we specify, a monthly Profit and Loss Statement by the 15<sup>th</sup> of each month as to activity the prior month; and provide an Annual Profit and Loss Statement by January 15 as to activity in the prior year;

11.3.3 Such other forms, reports, records, information, and data as FIRST CHOICE may reasonably designate.

11.4 FIRST CHOICE, and/or its designated agents, shall have the right, at reasonable times, to examine and copy, at our expense, the books, records, computer systems, computer records, accounts, and tax returns (the “Books”) of the Franchise. FIRST CHOICE shall also have the right, at any time, to have an independent audit made of the books and records of the Franchise. If an inspection should reveal that any payments have been understated in any report to us, then you must immediately pay to FIRST CHOICE the amount understated upon demand, plus 18% per annum interest thereon or the highest rate permitted by law, whichever is lower. If an inspection discloses an understatement in any report of two (2%) percent or more, you must, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the audit and/or inspection (including, but not limited to, travel, lodging, and wage expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies that we may have.

## 12. PROMOTION AND MARKETING

12.1 FIRST CHOICE shall have the right at any time, in its sole discretion, to establish a marketing fund for system-wide marketing and promotion of the System (the “**Brand Fund**”), which shall operate as described in Section 12.2 below. Franchisee must, during each month, contribute to the Brand Fund \$250 per month (the “**Brand Fund Contribution**”). We reserve the right to increase this fee by 10% per year. The Brand Fund Contribution shall be paid to FIRST CHOICE at the same time, and in the same manner, as set forth for the payment of Royalties as required by Section 4.2 above. If you own and operate in more than one Area of Operations, you will be required to make a Brand Fund Contribution for each Area of Operations you own up to a total of five (5).

12.2 The Brand Fund shall be maintained and administered by FIRST CHOICE or its designee, as follows:

12.2.1 FIRST CHOICE or its designee shall direct all marketing programs, based on the decisions made by our franchisee-led Brand Fund Committee (the “BFC”). The BFC will provide us with direction regarding the concepts, materials, and media used in the programs, along with their placement and allocation. While primary decisions regarding use of the Brand Fund will be made by the BFC, we retain veto power over any advertising decisions made by the BFC. We will exercise this power only in exceptional circumstances and, if we do so, we will give the BFC the opportunity to modify its decision or submit a new proposal. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize public recognition, acceptance, and use of the System; and that FIRST CHOICE and its designee are not obligated, in administering the Brand Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee’s contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund.

12.2.2 The Brand Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing,

conducting, and preparing advertising, marketing, public relations and/or promotional programs and materials, Websites (as such term is defined in Section 12.6) and any other activities which we believe will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; employing advertising and/or marketing professionals to assist therein; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the FIRST CHOICE businesses operated under the System. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we in our sole discretion deem will promote general public awareness and favorable support for the System.

- 12.2.3 You must contribute to the Brand Fund by electronic funds transfer in accordance with our requirements, unless we otherwise specify in writing. All sums paid by Franchisee to the Brand Fund shall be maintained in an account separate from the other monies of FIRST CHOICE and shall not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the administration, direction, and implementation of the Brand Fund and marketing programs for franchisees and the System, including, among other things, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs and administration of the Brand Fund. The Brand Fund and its earnings shall not otherwise inure to our benefit and the contributions to and earnings of the Brand Fund are not and shall not be our asset. The Brand Fund may lend money and incur debt in the furtherance of its general purposes.
- 12.2.4 It is anticipated that all contributions to and earnings of the Brand Fund shall be expended for marketing and/or promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.
- 12.2.5 FIRST CHOICE or its designee shall maintain separate bookkeeping accounts for the Brand Fund. A statement of the operations of the Brand Fund as shown on the books of FIRST CHOICE shall be prepared annually by FIRST CHOICE (FIRST CHOICE shall not be obligated to have audited financial statements prepared) and shall be made available for inspection by Franchisee, upon written request of Franchisee.
- 12.2.6 Although the Brand Fund is intended to be of perpetual duration, FIRST CHOICE maintains the right to terminate the Brand Fund; provided that FIRST CHOICE shall use any unexpended monies in the Brand Fund for marketing and/or promotional purposes for the System.

- 12.2.7 The BFC has decision-making authority concerning the use of the Brand Fund, subject to our ability to veto any such decision. We have the ability to dissolve the BFC.
- 12.3. FIRST CHOICE may, in its sole discretion, make available to you, from time to time, marketing plans and promotional materials, including merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials.
- 12.4 You may develop advertising materials for your own use, at your own cost. You must ensure that all advertising and promotional materials, signs, all forms and stationery used in connection with the Franchise, products, and other items specified by FIRST CHOICE bear the Proprietary Marks in the form, color, location, and manner prescribed by FIRST CHOICE in the Manual, or otherwise in writing by FIRST CHOICE. We must approve all advertising materials (including, but not limited to collateral materials and campaigns, broadcast, print or other media) in advance of your using the materials. For all proposed advertising, marketing, and promotional materials that we have not supplied to you or previously approved, you shall submit samples of such plans and materials to us, for our review and prior written approval. If you do not receive written approval from us within ten (10) days of the date of our receipt of such samples or materials, we shall be deemed to have approved them. You acknowledge and agree that any and all copyright in advertising and promotional materials developed by or on behalf of you shall be our sole property, and you agree to execute such documents (and, if necessary, require your independent contractors to execute such documents) as we may deem reasonably necessary to give effect to this provision.
- 12.5 If we so require, you shall, at your expense, obtain listings with such Internet channels and online marketing companies that we specify in our sole discretion.
- 12.6 You shall not establish a Website (as defined below), nor offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting any such consent, we shall have the right to establish such requirements as we deem appropriate, including but not limited to the requirement that your only presence on the Internet shall be through a webpage established by us on our website. Any Website shall be deemed “marketing” under this Agreement and will be subject to (among other things) to our approval under Section 12.4 above. (As used in this Agreement, the term “**Website**” means an interactive electronic document, contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages, as well as social media sites.

A Website will be created and maintained for you by us, as part of the services we provide in exchange for the Technology Fee

Because we expect that each FIRST CHOICE Business will have a strong presence in its community, you must establish an account with each of Facebook, LinkedIn, X (formerly Twitter) and any other social or networking Websites we specify, and these accounts must comply with our guidelines including posting of content and representation of the Marks. If any objectionable content is posted to one of these accounts, you will have 12 hours after

notice from us to remove it. If the objectionable content is not removed within this 12-hour period, we have the right to terminate your Franchise Agreement. Any other on-line presence that you wish to establish must have our prior written consent. You must provide us with all the user IDs and passwords related to each on-line account you establish.

### **13. INSURANCE**

- 13.1 You agree that prior to the commencement of operations under this Agreement, you will obtain at your expense an insurance policy or policies protecting you, us, and our respective officers, directors, partners, and employees against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchise, including, but not limited to comprehensive general liability insurance property and casualty insurance, vehicle insurance (for your company owned vehicles) and statutory workers' compensation insurance. You agree that you will maintain these policies in full force and effect during the term of this Agreement. Such policy or policies must be written by a responsible carrier or carriers acceptable to us, must name FIRST CHOICE as additional insured, and must provide at least the types and minimum amounts of coverage specified in this Section or in a greater amount if specified in the Manual from time to time. Unless otherwise advised in writing by us (through the Manuals or otherwise in writing), you must carry general liability insurance with a minimum limit of liability in respect to bodily injury or property damage of \$1,000,000 per occurrence. For vehicles, the minimum limits of liability with respect to bodily injury or property damage shall be \$250,000 per person and \$500,000 per occurrence.
- 13.2 Your obligation to obtain and maintain the policies in the amounts specified in this Agreement or in the Manual shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 20 of this Agreement.
- 13.3 All public liability and property damage policies must contain a provision, or additional insured rider or declaration, that FIRST CHOICE shall be entitled to recover under such policies on any loss occasioned to us or our officers, directors, servants, agents, or employees by reason of the negligence or intentional act or omission by you or your officers, directors, servants, agents, or employees.
- 13.4 Prior to the commencement of any operations under this Agreement, and thereafter at least fifteen (15) days prior to the expiration of any policy, you must deliver to FIRST CHOICE certificates of insurance evidencing the proper types and minimum amounts of coverage. All Certificates must expressly provide that no less than fifteen (15) days prior written notice must be given to FIRST CHOICE in the event of material alteration to or cancellation of the coverage evidenced by such certificates.

### **14. TRANSFER OF INTEREST**

- 14.1 All rights and duties of FIRST CHOICE under this Agreement may be freely assigned or transferred by FIRST CHOICE in its sole discretion and without restriction to any person or legal entity, so long as that person or legal entity agrees to assume our obligations hereunder.

- 14.2 FIRST CHOICE has entered into this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence that we have in you. Therefore, you agree that you will not assign, transfer, give away or encumber, voluntarily or involuntarily (a “Transfer”) your interest in: (a) this Agreement; (b) in you (if you are a legal entity); (c) the Franchise; (d) the lease for the Franchise; or (e) the Approved Location without the prior written consent of FIRST CHOICE. You may proceed with the assignment with our written consent and with your and your assignee's compliance with the requirements of this Section 14. FIRST CHOICE will not unreasonably withhold approval of assignments and transfers, contingent upon your compliance with the conditions of this Section 14.
- 14.3 You understand and acknowledge the vital importance of your performance to the market position and overall image of Franchisor. You also recognize that there are many subjective factors that comprise the process by which a Franchisor selects a suitable Franchise owner. Therefore, you must notify FIRST CHOICE in writing of any proposed Transfer of any direct or indirect interest in this Agreement, in the Franchise, or in all or substantially all of the assets of the Franchise at least thirty (30) days before such Transfer is proposed to take place. FIRST CHOICE will not unreasonably withhold its consent to any Transfer so long as you comply with the conditions set forth in this Section 14. In the event that you want to engage in a Transfer or any transaction set forth in Paragraphs 14.2 or 14.3, then we have the right to impose any or all of the following conditions on our granting approval of such Transfer or transaction:
- 14.3.1 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) must demonstrate to our satisfaction that it meets our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Franchise (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Franchise;
- 14.3.2 All of your accrued monetary, obligations and all other outstanding obligations to FIRST CHOICE and/or its affiliates must have been satisfied;
- 14.3.3 You must not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and Franchisor and/or its affiliates;
- 14.3.4 You must pay a Transfer fee of \$10,000 to reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, but not limited to, reviewing the application to transfer, training the new franchisee, legal and accounting fees, and associated costs;
- 14.3.5 You must remain liable for all of the obligations to FIRST CHOICE, in connection with the Franchise that arose prior to the effective date of the Transfer and execute any and all instruments reasonable requested by FIRST CHOICE to evidence such liability;

- 14.3.6 Your transferee (or, if the transferee is a corporation, limited liability company, or other entity, the manager designated by transferee acceptable to FIRST CHOICE) at the transferee's expense, must undergo a minimum of five (5) days of training at our corporate facility in Las Vegas, Nevada, or at a location designated by us (which may be partially or completely through the Internet), prior to effectuating the Transfer; you or your transferee must pay us our then-prevailing fee for attending such training, and your transferee must bear its (or his or her own) travel expenses (other than lodging and meals during the training conferences).
- 14.3.7 Your transferee must execute the then-current form of standard franchise agreement and other ancillary agreements as FIRST CHOICE may require for the Franchise, which successor agreement shall supersede this Agreement in all respects and which may differ materially from the terms of this Agreement, including but not limited to materially higher or different fees and a materially smaller Area of Operations. However, we will not fundamentally change the nature of the franchise offering in a successor franchise agreement;
- 14.3.8 Your transferee (and, if the transferee is other than an individual, owners of a beneficial interest in the transferee) must enter into a written assignment, in a form satisfactory to FIRST CHOICE, assuming and agreeing to discharge all of your obligations under this Agreement; and if your obligations were guaranteed by the transferor, that the transferee guarantee the performance of all such obligations in writing in a form satisfactory to FIRST CHOICE;
- 14.3.9 Your transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) execute a guarantee, indemnification, acknowledgment, and assumption of all obligations under this Agreement;
- 14.3.10 You and your owners (if you are a legal entity) must execute our then-current form of general release (a copy of our current required form of general release is attached to this Agreement as "**Schedule 3**,"), of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, agents, and employees.
- 14.3.11 You acknowledge and agree that each condition that must be met by the transferee is necessary to assure such transferee's full performance of the obligations hereunder.
- 14.4 You must not grant a security interest in this Agreement, the Franchise or in any of the assets of the Franchise unless the secured party agrees that in the event of any default by you under any documents related to the security interest, FIRST CHOICE shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of yours, and any acceleration of indebtedness due to your default shall be void.
- 14.5 If you, any party holding any direct or indirect interest in this Agreement, in your company, or in all or substantially all of the assets of the Franchise desires to accept any bona fide offer to complete a Transfer, you must notify FIRST CHOICE. FIRST CHOICE will then

have the right and option to purchase the seller's interest on the same terms and conditions offered by the third party. Our option is exercisable within thirty (30) days after we receive from you written notification of the proposed deal by sending you written notice that we intend to purchase the assets being sold on the same terms and conditions as being offered to the third party. If FIRST CHOICE elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by FIRST CHOICE as in the case of the third party's initial offer. In the event the consideration, terms and/or conditions offered by a third party are such that FIRST CHOICE may not reasonably be required to furnish the same consideration, terms and/or conditions, then FIRST CHOICE may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor at Franchise's expense, and the appraiser's determination shall be binding.

- 14.6 In the event of death or legal incapacity (or, if you are a corporation, limited liability company, or other entity, any person with an interest in all or substantially all of the assets of the Franchise), the heirs, beneficiaries, devisees, executors, administrators or your other legal representatives must, within one hundred twenty (120) days of such event:
  - 14.6.1 Apply to FIRST CHOICE for the right to continue to operate the Franchise for the duration of the term of this Agreement and any renewals hereof, which right shall be granted provided the surviving spouse, heirs or estate shall satisfy all of the then current qualifications for a purchaser of a Franchise; or
  - 14.6.2 Sell, assign, transfer, or convey your interest in compliance with the provisions of Section 14 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate the Franchise has been made by you and rejected by FIRST CHOICE, the one hundred twenty (120) days to sell, assign, transfer, or convey the Franchise shall be computed from the date of said rejection.
- 14.7 If the provisions of Section 14.6 have not been fulfilled within the time provided, all rights granted to you under this Agreement shall, at the option of Franchisor, terminate immediately and automatically revert to Franchisor.
- 14.8 Our consent to a Transfer of any interest in this Agreement, in Franchise owner or in all or substantially all of the assets of the Franchise will not constitute a waiver of any claims we may have against you, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.
- 14.9 Notwithstanding the foregoing, in the event you desire to make an intra-family assignment or Transfer of the Franchise business, or if you wish to make an assignment or Transfer to a corporation or LLC wholly owned by you, the transfer fee set forth herein will be waived. All other terms and obligations associated with said Transfer will apply to such transfer (including the obligation to pay our then-current training fee).

## **15. DEFAULT AND TERMINATION**

15.1 You shall be deemed to be in default under this Agreement, and all rights granted to Franchise herein shall automatically terminate without notice to you:

15.1.1 If you become insolvent, meaning unable to pay your bills in the ordinary course as they become due;

15.1.2 If you, or the Key Personnel, in our sole subjective discretion, fail to satisfactorily complete our initial training program;

15.1.3 If you fail to open the Franchise within the time limits provided in Section 5.2 of this Agreement;

15.1.4 If you, at any time, cease to operate or otherwise abandon the Franchise, or otherwise forfeit the right to do so or transact business in the legal jurisdiction where the Franchise is located;

15.1.5 If you, or any officer, director, partner, or principal of Franchisee have engaged in conduct, or are convicted of a criminal offense, that FIRST CHOICE believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

15.1.6 If any purported assignment or Transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchise is made to any third party without our prior written consent, contrary to the terms of Section 14 hereof;

15.1.7 If an approved Transfer is not affected within the time provided following death or mental incapacity, as required by Section 14.6 hereof;

15.1.8 If you fail to comply with the covenants in Section 17.2 hereof or fail to obtain execution of the covenants required under sections 10.2 or 17.7 hereof;

15.1.9 If, contrary to the terms of Sections 9 or 10 hereof, you disclose or divulge the contents of the Manual or other confidential information provided to you by us;

15.1.10 If you knowingly maintain false books or records, or submit any false reports to us;

15.1.11 If you misuse or make any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated with our rights therein;

15.1.12 If you refuse to permit FIRST CHOICE, and/or its designated agents, to inspect the Premises, books, records, or accounts upon demand;

15.1.13 If you, upon receiving a notice of default under Section 15.2 hereof, fail to initiate immediately a remedy to cure such default;

- 15.1.14 If you receive from FIRST CHOICE three (3) or more notices to cure a default or violation of this Agreement during any twelve (12) month period, whether or not the default or violation is cured after notice;
- 15.1.15 If you breach any material term of the Computer System User License Agreement, except for those terms relating to payment (defaults relating to payment of fees are governed by Paragraph 15.2.1 below); or
- 15.1.16 As stated under Section 12.6, you fail to remove objectionable content from a Website within twelve (12) hours of notice from us.
- 15.2 Except as otherwise provided in Sections 15.1 of this Agreement, you will have thirty (30) days after your receipt from FIRST CHOICE of a written notice of default within which to remedy any other default under this Agreement and to provide evidence thereof to FIRST CHOICE. You may avoid termination by immediately initiating a remedy to cure such default and curing it to our satisfaction within the thirty (30) day period (or within such longer time period as FIRST CHOICE may reasonably specify), and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the period. You will be in default pursuant to this Section 15.2 for failure substantially to comply with any of the requirements imposed by this Agreement, as it may from time to time be reasonably supplemented by the Manual, or failure to carry out the terms of the Agreement in good faith. Such defaults include, but are not limited to, the following illustrative events:
- 15.2.1 If you fail, refuse, or neglect promptly to pay any monies owing to FIRST CHOICE, its affiliates or vendors when due, or to submit the financial or other information required by FIRST CHOICE under this Agreement (the time for curing such default will be 10 calendar days).
- 15.2.2 If you fail to operate the Franchise in strict compliance with all of the standards or procedures prescribed by FIRST CHOICE in this Agreement, in the Manual, or otherwise in writing, and without restricting the generality of the foregoing, if you fail to promptly pay all your expenses incurred in the operation of the Franchise;
- 15.2.3 Except as provided in Section 15.1.6 hereof, if you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement; and/or
- 15.2.4 If you engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to the Proprietary Marks.

## **16. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you will terminate immediately, and:

- 16.1 You must immediately cease to operate the Franchise, and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of FIRST CHOICE.
- 16.2 You must immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Marks, and all other proprietary marks and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, you must cease to use, without limitation, the Manual and all signs, bags, advertising materials (including internet, social media, and websites), displays, stationery, collateral materials, and any other articles that display the Proprietary Marks.
- 16.3 You must take such action as may be necessary to cancel any trade or fictitious name registration or equivalent registration obtained by you which contains the mark "FIRST CHOICE" or any other Proprietary Marks, and you must furnish FIRST CHOICE with evidence satisfactory to us of compliance with this obligation within ten (10) days after termination or expiration of this Agreement. You appoint FIRST CHOICE its true and lawful agent and attorney, for it and in its behalf to take such action, and to execute all such documents in its name and on its behalf as may be necessary, pursuant to this subsection to carry out any acts on behalf of you in the event of termination or expiration of this Agreement, including, but not limited to, transfer or assign to FIRST CHOICE or to its designee or to disconnect and forward all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which you may have had in the same. You must execute our Assignment of Telephone Numbers, Internet Addresses, and Social Media Identities, attached as **Schedule 4**, to assist us in accomplishing this.
- 16.4 You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in our opinion, is likely to cause confusions, mistake, or deception, or which, in our opinion, is likely to dilute our rights in and to the Proprietary Marks. You further agree not to utilize any designation of origin or description or representation which, in our opinion, falsely suggests or represents an association or connection with us.
- 16.5 You must promptly pay all sums owing to FIRST CHOICE and/or its affiliates. In the event of termination for any default by you, such sums shall include all damages, costs, and expenses, including attorney's fees and disbursements, incurred by FIRST CHOICE as a result of the default. These damages will include the Royalties which FIRST CHOICE would have received from you through the end of the Initial Term if this Agreement had not been terminated prematurely. Your obligation to pay all damages, costs and expenses will give rise to and remain, until paid-in-full, a lien in favor of FIRST CHOICE against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by you. Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which FIRST CHOICE may have against you, whether such claims or rights arise before or after termination or expiration.
- 16.6 You must pay to FIRST CHOICE all damages, costs, and expenses, including attorney's fees and disbursements, incurred by us subsequent to the termination or expiration of this

Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Agreement.

- 16.7 You must immediately deliver to FIRST CHOICE the Manual and all other records, correspondence, and instructions containing confidential information relating to the operation of the Franchise, all of which are acknowledged to be the property of FIRST CHOICE, and must retain no copy or record of any of the foregoing.
- 16.8 You must comply with the covenants contained in Section 17.3 of this Agreement.
- 16.9 To secure your performance under this Agreement and indebtedness for all obligations owed and sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all attachments, accessories, additions, accessions, and substitutions to or for it and the cash and non-cash proceeds derived from insurance or the disposition of such collateral: (a) all inventory, equipment, furniture, furnishings, fixtures, and supplies now leased, owned or after-acquired by you and the Franchise, including but not limited to all inventory, equipment, furniture, furnishings, fixtures, and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Franchise now existing or subsequently arising, together with all interest in you and/or the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; (d) all general intangibles of you and/or the Franchise, now owned or existing, or after-acquired or subsequently arising; (e) all of your and/or the Franchise's interests in the real estate where the Franchised Business is located; and (f) all improvements to that real estate. You hereby authorize us to file and record financing statements, financing statement amendments, continuation financing statements, fixture filings and other documents that we deem necessary to evidence, perfect and continue the priority of security interests in and to these assets. You also agree to execute and deliver any such documents to us upon our request.
- 16.10 The provisions of this Section 16, as well as Sections 10, 14, 17, 20, and 25 shall survive the termination or expiration of this Agreement.

## **17. ADDITIONAL COVENANTS**

- 17.1 You covenant that during the term of this Agreement or any renewals thereof, except as otherwise approved in writing by us, you (individually or as an entity) must use your best efforts in guiding the management and operation of the Franchise, and in recommending, promoting and encouraging patronage of all franchised units operating under the System.
- 17.2 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and confidential information, including, but not limited to, information regarding the operational sales, promotional, and marketing methods and techniques used under the System in the operation of the Franchise. You covenant that during the term of this Agreement, in the United States, except as otherwise approved in writing by FIRST CHOICE, you will not, directly or indirectly:

- 17.2.1 Divert or attempt to divert any present or prospective business or customer of the Franchise or any FIRST CHOICE franchise to any competitor, 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 the Proprietary Marks and the System; or
- 17.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in (as owner or otherwise) any business that offers products or services which are the same as or similar to the products and services being offered by FIRST CHOICE under the System.
- 17.3 You covenant that, except as otherwise approved in writing by FIRST CHOICE, you will not, directly or indirectly, in your Area of Operations, within 20 miles of your Approved Location, for a two (2) year period beginning upon the expiration or termination (including a sale or transfer of your rights under this Agreement or your interest in it) of this Agreement offer business brokerage services. You also agree to this same prohibition for the same time period as to the Area of Operations and a 20 mile radius of the Approved Location of other FIRST CHOICE franchisees at the time of your expiration or termination.
- 17.4 Sections 17.2 and 17.3 shall not apply to ownership by you of less than five (5%) percent beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities and Exchange Act of 1934 (“publicly-held corporation”).
- 17.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 or 17.3, or any portion thereof, without your consent effective immediately upon receipt by you of written notice thereof; and you agree that you must comply forthwith with any covenants as so modified, which must be fully enforceable notwithstanding the provisions of Section 23 hereof.
- 17.6 You expressly agree that the existence of any claims you may have against FIRST CHOICE, whether or not arising from this Agreement, will not constitute a defense to the enforcement by FIRST CHOICE of the covenants in this Section 17. You agree to pay all costs and expenses (including reasonable attorneys’ fees) incurred by FIRST CHOICE in connection with the enforcement of this Section 17.
- 17.7 At our request, you must obtain and furnish to FIRST CHOICE executed covenants, in our then-current form of Confidentiality and Non-Competition Agreement from any or all of the following persons: (a) all managers and any other personnel employed by you who have received or will receive training from us; and (b) all officers, directors, partners, principals, lenders, and other holders of a beneficial interest of five percent (5%) or more of your securities or equity interests, and of any corporation or other entity directly or indirectly controlling, controlled by, or under common control with you. our current form of Confidentiality and Non-Competition Agreement is attached hereto as **Schedule 5**.

## **18. CORPORATE OR ENTITY FRANCHISEE**

- 18.1 You and each of your owners, officers, directors, shareholders, members, principals and/or partners (the “**Owners**”) warrants and agrees that the Statement of Ownership (**Schedule**

6 to this Agreement) is current, complete and accurate. You agree that updates to Schedule 6 attached hereto will be furnished promptly to FIRST CHOICE, so that Schedule 6 (as so revised and signed by you) is at all times current, complete and accurate. Each of your **Owners** will be an individual acting in his individual capacity, unless we waive this requirement.

- 18.2 If you are, or at any time become, a business corporation, limited liability company, or other legal entity, you and each of your Owners represents, warrants and agrees that: (a) Franchisee is duly organized and validly existing under the laws of the state of its organization; (b) Franchisee has the authority to execute and deliver the Franchise Agreement and all related agreements and to perform its obligations under all such agreements; (c) the articles of incorporation, articles of organization, or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest in Franchisee is restricted by the terms of the Franchise Agreement; and (d) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued bear a legend in conformity with applicable law reciting or referring to such restrictions.
- 18.3 Any Owner listed on Schedule 6 must sign the “Guaranty, Indemnification, and Acknowledgement,” attached hereto as **Schedule 2** as a guarantor. In addition, any person or entity that is an Owner of Franchisee, or at any time becomes an Owner of Franchisee, is a personal guarantor and must execute Schedule 2 as a condition of becoming an Owner.
- 18.4 You must provide FIRST CHOICE with copies of your Operating Agreement, Articles of Incorporation, Bylaws, shareholder agreements, membership agreements, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement.

## **19. TAXES, PERMITS, LICENSES AND INDEBTEDNESS**

- 19.1 You must promptly pay, when due, all taxes levied or assessed, including, but not limited to, environmental and sales taxes and all accounts and other indebtedness of every kind incurred by you in the operation of the Franchise.
- 19.2 You must comply with all federal, state, municipal and local laws, rules and regulations, and must timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchise, including, but not limited to, licenses to do business, and trade or fictitious name registrations. **Specifically, you and all employees, sales agents employed or contracted by you must maintain all necessary licenses required to operate as a business brokerage or to operate as a business broker, as applicable, as required by your state’s laws. You are solely responsible for determining which laws will apply to your Franchise.**
- 19.3 You must immediately notify FIRST CHOICE, in writing, of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchise.

## **20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

- 20.1 It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that you must be an independent contractor, and that nothing in this Agreement is intended to constitute either party as agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. You must comply with the provisions of Section 7.12 hereof and ensure that your Associates do not consider themselves our agent, legal representative, subsidiary, joint venture, partner, employee, or servant.
- 20.2 During the term of this Agreement you must hold yourself out to the public as an independent contractor operating the Franchise as required by this Agreement with FIRST CHOICE. You agree to take such action as may be necessary to do so, including, but not limited to, advising suppliers and customers of your independent ownership of the Franchise. All of your business forms, business cards, stationery, and advertisements must clearly state that the Franchise is independently owned and operated. In addition, the Premises must display a clear sign, in a conspicuous location, stating that the Franchise is independently owned and operated.
- 20.3 Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name, and we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall we be liable by reason of any act or omission by you in your operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or us.
- 20.4 You must, during the Term and after the termination or expiration of this Agreement, indemnify and defend FIRST CHOICE, its affiliates and their respective officers, directors, managers, members, and employees, and hold them harmless against all claims, demands, causes of action, lawsuits, disputes, controversies, investigations or administrative proceedings (collectively, "Claims") and resulting losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "Damages") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any Claim as a result of or arising out of:
- (a) a breach by Franchisee of this Agreement, or any other agreement between the parties, or any breach of a lease or other instrument by which the right to occupy the Approved Location of the Franchise is held;
  - (b) any injury to, or loss of property of, any person in, or on, the Approved Location of the Franchise, the Approved Records Location, or any other premises used by Franchisee to operate the Franchise;
  - (c) Franchisee's taxes, liabilities, costs or expenses of its Franchised Business;

(d) any negligent or willful act or omission of Franchisee, its Owners, officers, directors, managers, members, partners, employees, agents, servants, contractors or others for whom it is, in law, responsible;

(e) any violation of a legal requirement imposing requirements or prohibitions on Franchisee in the operation of the Franchise; and

(f) any advertising or promotional material distributed, broadcast or in any way disseminated by Franchisee, or on its behalf, unless such material has been produced, or approved in writing, by FIRST CHOICE.

20.5 Franchisee must defend FIRST CHOICE against all Claims identified within the scope of Paragraph 20.4, provided that upon notice to Franchisee, FIRST CHOICE, in its discretion, may use its own counsel and may control such defense of any claims against FIRST CHOICE, but at Franchisee's cost.

## **21. APPROVALS AND WAIVERS**

21.1 Whenever this Agreement requires the prior approval or consent of FIRST CHOICE, you must make a timely written request to us, and such approval or consent must be obtained in writing. FIRST CHOICE shall provide the approval or consent in a timely manner, or within the time specified in this Agreement.

21.2 FIRST CHOICE makes no warranties or guarantees upon which you may rely, and assumes no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefore.

21.3 No failure of FIRST CHOICE to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms hereof. Waiver by FIRST CHOICE of any particular default by you shall not affect or impair our rights with respect to any subsequent default by you, nor shall any delay, forbearance, or omission of FIRST CHOICE to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by FIRST CHOICE of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by FIRST CHOICE of any payments due to it hereunder shall not be deemed to be a waiver by FIRST CHOICE of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

## **22. NOTICES**

Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered or sent by tracked delivery to the respective parties at the addresses listed in this Agreement, or any subsequent address of record. We may also send notice to you via email.

Any notice by means which affords the sender evidence of delivery or attempted delivery shall be deemed to have been given and received at the date and time of receipt or attempted delivery, provided, however, if delivery or attempted delivery is on a holiday or weekend, delivery shall be deemed to have been given and received on the next business day.

### **23. ENTIRE AGREEMENT**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

### **24. SEVERABILITY AND CONSTRUCTION**

24.1 If, for any reason, any portion of this Agreement is deemed invalid, it shall be deemed severed from the Agreement and the rest shall be enforceable.

24.2 Any provision of this Agreement that by its nature imposes obligations beyond the expiration or termination of this Agreement survive such expiration or termination.

24.3 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, FIRST CHOICE, their officers, directors, and employees, and such other successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

24.5 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

### **25. DISPUTE RESOLUTION**

25.1 **Choice of Law.** This Agreement is effective upon its acceptance in Nevada by our authorized officer. Except as to claims governed by federal law, Nevada law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties (“Claims”). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

25.2 **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Las Vegas, Nevada.

25.3 **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

25.4 **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

25.5 **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

25.6 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

25.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

25.8 **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 25.7 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

25.9 **Mediation.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”), and split any AAA and mediator fees equally.

25.11 **Waiver of bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

25.12 **Third Party Beneficiaries.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Dispute Resolution provisions contained herein.

25.13 **Reimbursement of Costs.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

## 26. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (d) the inability of Franchisor and/or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any products used in the operation of the Franchise.

## 27. YOUR ACKNOWLEDGEMENTS

27.1 You acknowledge that FIRST CHOICE, or its agent, has provided you with its Franchise Disclosure Document, a complete copy of this Agreement, the schedules hereto, and agreements relating thereto, if any, at least fourteen (14) calendar days prior to the date on which you execute the Agreement.

Initial

27.2 We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or entity that is not a party to this Agreement. You understand that you are not a third-party beneficiary of any other franchise agreement between us and other FIRST CHOICE franchisees, and that you have no independent right to enforce the terms of, or require performance under, any other franchise agreement. You further acknowledge that you are aware of the fact that other present or future FIRST CHOICE franchisees may operate under different forms of agreement(s), and consequently that our obligations and rights for other franchisees may differ materially from yours in certain circumstances.

Initial

27.6 You represent and warrant to us that all statements, documents, materials, and information submitted to us, including the application for the rights granted by this Agreement, are true, correct and complete in all material respects, and there have been no material omissions or misrepresentations. You agree to promptly advise us of any material change in the information or statements submitted to us. You acknowledge and understand that we have entered into this Agreement in reliance on the statements and information submitted to us by you, and that any material breach, inaccuracy, misrepresentation, or omission is grounds for us to terminate this Agreement.

Initial

**28. TIME OF ESSENCE AND INCORPORATION BY REFERENCE**

28.1 Time shall be of the essence for all purposes of this Franchise Agreement.

28.2 The parties acknowledge that all exhibits, addenda, schedules and riders attached to this Agreement are a part of it and fully incorporated into it.

INTENDING TO BE LEGALLY BOUND, the parties hereto have duly executed this Agreement of the date first above written.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

**SCHEDULE 1**

**Approved Territory by Zip  
Codes:**

**Map:**

**SCHEDULE 2**  
**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGEMENT**

As an inducement to FIRST CHOICE to execute the franchise agreement (the "Agreement") between FIRST CHOICE ("Franchisor" or "We") and

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

("Franchisee" or "You"), dated \_\_\_\_\_, each of the undersigned, jointly and severally, hereby unconditionally guarantees to us and our successors and assigns the Franchisee named herein will perform during the term of this Agreement each and every covenant, payment, agreement, undertaking and obligation on your part contained and set forth in this Agreement.

Upon demand by FIRST CHOICE, the undersigned will immediately make each payment required under the Agreement. The undersigned hereby waives any right to require FIRST CHOICE to: (a) proceed against the franchise business for any payment required under the Agreement; (b) proceed against or exhaust any security from the franchise business or you; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against you. Without affecting the obligations of the undersigned, under this Guaranty, FIRST CHOICE may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of yours, or settle, adjust, or compromise any claims against you. The undersigned waives notice of amendment of the Agreement and notice of demand for payment by FIRST CHOICE, and agree to be bound by any, and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold FIRST CHOICE harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, fees, and expenses) resulting from, consisting of, or arising out of or in connection with any failure by you to perform any obligation under the Agreement, any amendment thereto, or any other agreement executed by you referred to therein, and/or due to any act or omission of the Franchise business or you.

The undersigned hereby acknowledge and agree to be personally and individually bound by all of the covenants and non-disclosure provisions contained in the Agreement, including but not limited to those contained in Sections 10 and 17, to the same extent as and for the same period of time as you are required to comply with and abide by such covenants and provisions, except to the extent otherwise required by the Agreement. These obligations of the undersigned shall survive any expiration or termination of the Agreement or this Guaranty.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events that occurred on or before the effective date of such termination, shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according their terms. Upon the

death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 25 of the Agreement. This Guaranty shall be interpreted and construed under the laws of the State of Nevada.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be personally delivered, sent by registered mail, transmitted by telecommunications equipment, as elected by the party giving notice, or sent by other means which afford the sender evidence of delivery or attempted delivery, to the respective parties at the addresses set forth in the Agreement unless and until a different address has been designated by written notice to the other party.

If more than one person has executed the Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary.

INTENDING TO BE LEGALLY BOUND, the parties hereto have duly executed this Guaranty, Indemnification and Acknowledgment of the date first above written.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

## **SCHEDULE 3**

### **COMPUTER SYSTEM USER LICENSE AGREEMENT**

#### **1. License Grant**

Subject to the terms and conditions of this Agreement (“Agreement” or “License Agreement”), First Choice Business Brokers, Inc. (licensor referred to as "we", "us" or "our") grant Licensee (referred to as “you”) a non-exclusive, revocable, limited license, to use the First Choice Business Brokers, Inc. Computer System for all commercial purposes associated with your business. Our agreement to provide you the services addressed in this License Agreement is subject to and based on your having a valid franchise agreement with us (the “Franchise Agreement”). You authorize FIRST CHOICE BUSINESS BROKERS, INC. to retrieve, use and rely upon the data collected by (or stored in) the Computer System (referred to as “system” or “application” or “Application”) in order to determine the amount of royalties or other payments owed by you, as applicable. The amount of royalties to be collected from you as well as the frequency of collection of such royalties are defined within your FIRST CHOICE Franchise Agreement, as applicable.

#### **2. Technology Fee**

In consideration of our granting to you the right to use our Application and for our provision of certain website-related services to you, you agree to pay us a monthly Technology Fee of \$350 per month plus \$145 per month per Agent that you have, to use the Computer System. This fee begins 60 days after you sign the Franchise Agreement. You must pay this fee monthly in advance by remitting it to us at the start of each month. We have the right to increase the monthly fee for use of the Computer System annually, except that no such increase will exceed a total of 10% of the monthly fee charged during the previous year.

#### **3. Term**

The term of this License Agreement will be concurrent with the Term of the Franchise Agreement. In the event that your FIRST CHOICE Franchise Agreement is terminated by us or you in any other manner lose your right to operate the FIRST CHOICE franchise licensed thereunder, this License Agreement will also terminate automatically, and you will have no further rights to use the Application.

#### **4. License Conditions**

You may not rent, sell, lease, sublicense, distribute, assign, copy, or in any way transfer any Applications or use any Applications for the benefit of any third party through any outsourcing or time-sharing arrangement or through the operation of any service bureau. You may not modify, reverse-engineer, decompile, disassemble, or otherwise discover the Application, or attempt to do so for any reason. Further, you may not access, create or modify our source code in any way. You do not have the right to and may not create derivative works of the Application. All modifications or enhancements to the Applications remain the sole property of FIRST CHOICE.

Without limiting any other remedy available to us, we may suspend or terminate this Agreement and your access to the Applications or our services under this Agreement if we have reasonable cause to believe that you have failed to comply with your obligations under this Agreement or that you have failed to comply with your obligations under your Franchise Agreement with us, as applicable. Upon termination, cancellation, suspension or expiration of this Agreement for any reason and by either party, you agree to cease all use of the Applications and our services. Except as otherwise provided in this Agreement, you shall not thereby be entitled to any refund or credit.

We reserve the right to add additional features or functions to the existing Applications. We may require the updating of the Application when we release a new version of the Application, or when we make new features available. This update may occur automatically or through other means and may occur all at once or over multiple sessions. You understand that we may require your review and acceptance of our then-current privacy policy and/or end user license agreement before you will be permitted a limited license for any subsequent versions of our Application.

## **5. Ownership**

You acknowledge and agree that the Application is licensed, not sold to you by FIRST CHOICE. You acknowledge that the Application, including all code, content, protocols, software, and documentation provided to you by FIRST CHOICE in conjunction with the Application or our services are our property or the property of FIRST CHOICE, software developers or licensors, and are protected by U.S. and international copyright, trademarks, patents and other proprietary rights and laws relating to Intellectual Property Rights. "Intellectual Property Rights" means, collectively, rights under patent, trademark, copyright and trade secret laws, and any other intellectual property or proprietary rights recognized in any country or jurisdiction worldwide, including, without limitation, moral or similar rights. You may not delete, alter, or remove any copyright, trademark, or other proprietary rights notice we have placed on any Application. All rights not expressly granted hereunder are expressly reserved to FIRST CHOICE and FIRST CHOICE's licensors. FIRST CHOICE, BUSINESS BROKERS® and other marks and logos are trademarks owned by and/or applied for by First Choice Business Brokers, Inc., All Rights Reserved.

## **6. Content and Infringement**

You understand that all content, including, without limitation all data, links, articles, search results, graphic or video messages and all information, text, software, sound, graphics or other materials ("Content") made available or accessible through the Applications or our services, whether publicly available or privately transmitted, is the sole responsibility of the entity from whom it originated. You agree to accept all risks associated with the use of any Content, including any reliance on the accuracy or completeness of such Content. Under no circumstances will FIRST CHOICE be liable in any way for any Content, including, but not limited to, for any errors or omissions in any Content, or for loss or damage of any kind incurred as a result of the use of any Content posted or transmitted via the Application.

You understand, acknowledge and agree that the Application includes software that allows us to distribute updates and fixes, and to shut down, monitor and modify the Application, and you hereby

authorize us to do the same. Such updates will occur only upon prior notice to you, except for the limited case where notice is not possible due to technical problems or an emergency that requires us to update the application in order to maintain existing functionality or to comply with the law. All such updates shall be governed by and made in compliance with this Agreement.

## **7. Access and Interference; Passwords**

You agree that you will not use any robot, spider, other automatic or manual device or process to interfere or attempt to interfere with the proper working of any of our Applications, services or content, except to remove our Applications from a computer of which you are an owner or authorized user. You may not violate or attempt to violate the security of our services. We reserve the right to investigate occurrences which may involve such violations, and may involve, and cooperate with, law enforcement authorities in prosecuting users who have participated in such violations. You agree that it is your responsibility to install anti-virus software and related protections against viruses, Trojan horses, worms, time bombs, cancelbots or other techniques that may have the effect of damaging, destroying, disrupting or otherwise impairing a computer's functionality or operation, which may inadvertently be transferred to your computer through your use of the Application.

In order to access certain services, which may from time to time be offered by FIRST CHOICE, you may be required to pay fees, accept additional terms and conditions and/or, establish an account including an unique identification code or name (an "ID") and password (a "Password"). You are the sole and exclusive owner of any Password and ID combination issued or chosen by to you. Maintaining the confidentiality and security of your Password(s) and ID(s) is solely your responsibility. You are fully responsible for the use and protection of each Password and ID issued to or chosen by you and for all transactions undertaken by means of any account opened, held, accessed or used via such Password and ID. You shall notify us immediately and confirm in writing any unauthorized use of accounts or any breach of security, including without limitation any loss, theft or unauthorized use of your Password(s), and/or ID(s) or any related account. If we have reasonable grounds to suspect that the security of your Password and/or ID has been compromised, we have the right to suspend or terminate your account, refuse any and all current or future use of the services, and pursue any appropriate legal remedies. We shall not be responsible for any losses incurred in connection with any misuse of any Password or ID.

## **8. Electronic Signatures and Agreements**

You acknowledge and agree that by clicking on the button labeled "SUBMIT", "DOWNLOAD", "I ACCEPT" or such similar links as may be designated by FIRST CHOICE. to accept the system software, you are submitting a legally binding electronic signature and are entering into a legally binding contract. You acknowledge that your electronic submissions constitute your agreement and intent to be bound by this Agreement, pursuant to any applicable statutes, regulations, rules, ordinances or other laws, including without limitation, the United States Electronic Signatures in Global and National Commerce Act, P.L. 106-229 (the "E-Sign Act") or other similar statutes. You hereby agree to the use of electronic signatures, contracts, orders and other records and to electronic delivery of notices, policies and records of transactions initiated or completed through the application or services offered by FIRST CHOICE. Further, you hereby waive any rights or

requirements under any statutes, regulations, rules, ordinances or other laws in any jurisdiction which require an original signature or delivery or retention of non-electronic records, or to payments or the granting of credits by other than electronic means.

## **9. Disclaimer of Warranty**

Your access and use of the applications and services and any content available through our services or on our websites at your sole risk.

We provide the Applications and the content on an "as is," and "as available" basis without warranty of any kind, either express, implied or statutory, including without limitation, any implied warranties of merchantability, fitness for a particular purpose, title, custom, trade, quiet enjoyment, accuracy of informational content, system integration or non-infringement.

We make no representations or warranties concerning the services provided by third parties accessible on or through our applications or our services.

Neither we nor our directors, officers, employees, parents, subsidiaries, affiliates, agents, contractors, third party vendors, facilities, information providers, licensors, nor any exchanges, clearing organizations or other suppliers providing data, information, or services (each a "provider") make any representation or warranty: (a) as to the timeliness, sequence, accuracy, completeness, reliability or content of the applications or FIRST CHOICE's services or any information, service or transaction provided thereby, or (b) that the applications or FIRST CHOICE's services will be available or will operate in an uninterrupted or error-free manner, (c) that errors or defects related to the applications or the services will be corrected or (d) that we can identify any identity theft. We also do not warrant that the applications or the services or the information available through the services, is appropriate, accurate or available for use in any particular jurisdiction.

This disclaimer of warranty constitutes an essential part of this agreement.

The above exclusions may not apply in jurisdictions that do not allow the exclusion of certain implied warranties.

## **10. Termination**

In the event that your FIRST CHOICE Franchise Agreement is terminated pursuant to the terms of such agreement, then this License Agreement will also terminate at the same time, without needing any further actions by us. We also may terminate this Agreement only for good cause and disable Applications or cease providing any service at any time in our reasonable discretion.

## **11. Limitation of Liability**

The parties agree that the limitation of liability provisions contained in this section shall not supersede any conflicting terms, representations or warranties as contained in the Standard Franchise Agreement executed by the parties, as applicable.

You expressly acknowledge and agree that in no event will FIRST CHOICE, its parents, subsidiaries, or affiliates or their employees, distributors, suppliers, merchant partners, advertisers, directors or agents (each a "protected party," collectively "protected parties") be liable for any direct, indirect, incidental, special, punitive, consequential or exemplary damages or other relief arising out of, or related to, this agreement or to your use or inability to use any or all of the applications or FIRST CHOICE services including, without limitation, lost profits, lost business or lost opportunity, goodwill, or other intangible losses (even if FIRST CHOICE has been advised of the possibility of such damages).

Solely to the extent the foregoing limitation of liability is, for any reason, held to be inapplicable or unenforceable in whole or in part, then the protected parties' aggregate liability, for any reason and for any cause of action and any theory of liability, arising out of or related to the services or this agreement shall be limited to the lesser of damages actually incurred or the average revenue received by FIRST CHOICE pursuant to this agreement. The protected parties assume no liability hereunder for, and shall have no obligation to defend you or to pay costs, damages or attorneys' fees for, any claim based upon: (i) any method or process in which the Application may be used by you; (ii) any results of using the Application; (iii) any use of other than a current unaltered release of one of the Applications; or (iv) the combination, operation or use of any of the Application(s) with third party programs or data.

Because some states or jurisdictions do not allow the exclusion or the limitation of liability for consequential or incidental damages, in such states or jurisdictions, our liability shall be limited to the extent permitted by law.

## **12. Export Controls**

The Application and the underlying information and technology may not be downloaded or otherwise exported or re-exported (i) into (or to a national or resident of) any country to which the U.S. has embargoed goods; or (ii) to anyone on the U.S. Treasury Department's list of Specially Designated Nationals or the U.S. Commerce Department's Table of Deny Orders. By downloading or using the Application, you agree to the foregoing and you represent and warrant that you are not located in, under the control of, or a national or resident of any such country or on any such list, and that you will otherwise comply with all applicable export control laws.

## **13. Applicable Law**

By accessing or using the Application or our services, you agree that the substantive laws of the State of Nevada in the United States of America shall govern all matters relating to or arising from this Agreement, and the use (or inability to use) any or all of the services or the Application, and that such laws shall apply without regard to principles of conflict of laws. Subject to the dispute resolution procedures set forth below, you hereby submit to the exclusive jurisdiction and venue of the appropriate State and Federal courts located in Las Vegas, Clark County, Nevada with respect to all matters arising out of or relating to this Agreement. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement. You agree that regardless of any statute or law to the contrary, any claim or cause of action arising out of or related

to use of the FIRST CHOICE Service, any Application or the FIRST CHOICE Privacy Policy must be filed within one (1) year after such claim or cause of action arose or be forever barred.

#### **14. Successor Agreements**

The terms of this Agreement may change from time to time. You should check back at the website regularly to determine if any material changes have been made. We may prominently post material changes on the FIRST CHOICE website at least 14 days prior to the effective date of the change and will also attempt to provide you with an on-line notice informing you when such material changes have been made to this Agreement, which notice shall contain an active link that you can use to view a web page containing or linking to the revised Agreement.

You agree that your continued use of any Application or our services after the effective date of any change will constitute your affirmative consent to this revised Agreement. If you do not accept such revisions, you must affirmatively indicate to us in writing with such notice being sent to the same address listed in Section Eight above that you do not accept the successor Agreement and remove all of our Applications from your computer and cease all access to and use of our services hereunder. Failure to remove our Applications from your computer will be deemed an acceptance of the terms of the most current Agreement.

#### **15. General**

This Agreement, as modified from time to time as described above, and including the FIRST CHOICE Privacy Policy, Terms of Service and any other policies incorporated by reference, sets forth the entire understanding and agreement between the parties. No delay or failure to enforce any provision of this Agreement will constitute a waiver of such provision by FIRST CHOICE or acts as estoppel against later enforcement. Subject to the terms of the Order of Precedence set forth above, this Agreement constitutes the entire agreement between you and FIRST CHOICE with respect to the specific subject matter addressed herein, and governs your use of the Application and our services, superseding any prior agreements between you and FIRST CHOICE or its affiliates or related entities relating to such subject matter, but this Agreement may be supplemented by any other agreement you enter into with FIRST CHOICE or its affiliates or related entities pursuant to a registration to access additional software or services provided by FIRST CHOICE. You may not assign any of your rights or delegate any of your obligations under this Agreement without the prior written consent of FIRST CHOICE. FIRST CHOICE shall not be deemed to be in breach of this Agreement due to any delay or failure of performance or interruption in the availability of the Services resulting directly or indirectly from any act of nature or other cause beyond the reasonable control of FIRST CHOICE. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give effect to the parties' intentions as reflected in the provision, and that the other provisions of this Agreement remain in full force and effect. Sections 2-12 of this Agreement will survive any expiration, cancellation or termination of this Agreement.

The section headings used in this Agreement are for convenience only and have no legal or contractual effect.

LICENSEE:

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LICENSOR: FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_      \_\_\_\_\_  
Name: \_\_\_\_\_      DATE  
Title: \_\_\_\_\_

**SCHEDULE 4**  
**ASSIGNMENT OF TELEPHONE NUMBERS, INTERNET ADDRESSES,  
AND SOCIAL MEDIA IDENTITIES**

In accordance with the terms of the FIRST CHOICE Franchise Agreement (“Franchise Agreement”) between First Choice Business Brokers, Inc. (“FCBBI”) and \_\_\_\_\_ (“Franchisee”), executed concurrently with this Agreement, under which FCBBI granted Franchisee the right to own and operate a franchised FIRST CHOICE Business (“Franchised Business”), Franchisee, for value received, hereby assigns to FCBBI all of Franchisee’s right, title and interest in and to those certain telephone numbers, facsimile numbers, regular, classified, or other telephone directory listings, URLs, domain names, websites, social media accounts, and e-mail addresses and accounts (collectively, the “Listings”) associated with FCBBI’s trade and service marks and used from time to time in connection with the operation of the Franchised Business.

This assignment is for collateral purposes only and, except as specified in this Agreement, FCBBI will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless FCBBI notifies the telephone company, domain name registries and internet service providers and all listing agencies (collectively, the “Listing Agencies”) as required by the terms of this Agreement to effectuate the assignment.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), FCBBI will have the right and are hereby empowered to effectuate the assignment of the Listings, and, in such event, Franchisee will have no further right, title or interest in the Listings and will remain liable to the Listing Agencies for all past due fees owing to the Listing Agencies on or before the effective date of the assignment. Upon the termination or expiration of the Franchise Agreement, FCBBI will have the sole right to all audience data and ad copy from all paid media sources including but not limited to Meta and Google and their respective subsidiaries and Franchisee agrees that it will transfer all social media and assets to FCBBI, as well as all current and active usernames and passwords. Franchisee further agrees that upon termination or expiration of the Franchise Agreement, Franchisee will ensure that FCBBI has full, administrative-level access, to all Listings.

Franchisee agrees and acknowledges that as between FCBBI and Franchisee, upon termination or expiration of the Franchise Agreement, FCBBI will have the sole right to and interest in the Listings, and Franchisee will appoint FCBBI as Franchisee’s true and lawful attorney-in-fact to direct the Listing Agencies to assign the same to FCBBI, and will execute such agreements and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Listing Agencies to assign the Listings to FCBBI; Franchisee also agrees not to utilize any call forwarding messages referring to another number. If Franchisee fails to promptly direct the Listing Agencies to assign the Listings to FCBBI, FCBBI will direct the Listing Agencies to effectuate the assignment contemplated under this Agreement, to FCBBI.

The parties agree that the Listing Agencies may accept written direction from FCBBI, or this Assignment, as conclusive proof of our exclusive rights in and to the Listings upon such termination or expiration. The parties further agree that if a Listing Agency requires that the parties execute the Listing Agency’s assignment forms or other documentation at the time of expiration or termination, FCBBI’s execution of such forms or documentation will effectuate Franchisee’s consent and agreement to the assignment. The parties agree that at any time after the date of this Agreement, they will perform such acts and execute and deliver such agreements or documents as may be necessary to assist in or accomplish the assignment described in this Agreement upon termination or expiration of the Franchise Agreement.

\_\_\_\_\_  
FRANCHISEE

FIRST CHOICE BUSINESS BROKERS, INC.

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

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

**SCHEDULE 5**  
**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

NAME: \_\_\_\_\_

HOME ADDRESS: \_\_\_\_\_

HOME TELEPHONE: \_\_\_\_\_

CLASSIFICATION: \_\_\_\_\_ (Owner, Member, Officer, Director, Etc.)

\_\_\_\_\_ (“Franchisee”) is a Franchisee of First Choice Business Brokers, Inc. (“FIRST CHOICE”) pursuant to a Franchise Agreement entered into by FIRST CHOICE and Franchisee dated \_\_\_\_\_ (the “Franchise Agreement”).

I agree that during the term of my employment by, ownership or participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices FIRST CHOICE which may be communicated to me (“Confidential Information”), and I will not divert any business to competitors of Franchisee and/or FIRST CHOICE.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others, but in no event through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute Confidential Information: the FIRST CHOICE system of operations and all services, products, technologies, business relationships, business methods, operating manuals, policies, standards, systems, techniques, requirements, criteria and procedures that are used by FIRST CHOICE now or in the future (the “System”); Franchisee in the course of the operation of Franchisee’s business, as well as all procedures, systems, techniques and activities employed by FIRST CHOICE and/or Franchisee in the course of offering or selling products and services from or at Franchisee’s businesses; all of FIRST CHOICE’s and Franchisee’s sources (or prospective sources) of policies and contracts, and all information pertaining to same; the computer hardware and software utilized by FIRST CHOICE and Franchisee; all information pertaining to FIRST CHOICE’s, and Franchisee’s advertising, marketing, promotion and merchandising campaigns, philosophies, materials, specifications and procedures; FIRST CHOICE’s and Franchisee’s computer network Web sites and any and all computer network Web sites of FIRST CHOICE and any affiliate of FIRST CHOICE; all information posted on or received at such Web sites; all of FIRST CHOICE’s instructional materials; quality assurance programs; supervision systems; recommended services; recordkeeping, bookkeeping and accounting systems and materials; revenue reports; activity schedules; job descriptions; records pertaining to customers of Franchisee; business forms; product and service order forms; general operations materials; revenue reports; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components of the System or the systems and methods of operations which now or in the future are employed by FIRST CHOICE, including all related standards and specifications and the means and manner of offering and selling them; and, all other components, specifications, standards, requirements and duties imposed by FIRST CHOICE or any of FIRST CHOICE’s affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to FIRST CHOICE or Franchisee (as the case may be) all materials, books, records, and manuals considered confidential under this Agreement which are in my possession.

I further agree that during the term of my employment/service/association/ownership participation, I will not, directly or indirectly, engage in business brokerage services (“Competitive Business”).

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I agree that I will not, directly or indirectly, engage in business brokerage services at my former place of employment with Franchisee, within twenty (20) miles of such location, or within twenty (20) miles of any business brokerage office operated by FIRST CHOICE, any of its affiliates, or any of its franchisees, at such time.

However, nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to FIRST CHOICE and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by FIRST CHOICE or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of FIRST CHOICE's Confidential Information, know-how, methods and procedures. Further, I expressly agree that any Claims I may have against FIRST CHOICE will not constitute a defense to FIRST CHOICE's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by FIRST CHOICE in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in a final decision (after the exhaustion of all appellate rights), the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or FIRST CHOICE on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Nevada without recourse to Nevada (or any other) choice of law or conflicts of law principles. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, unfair competition, fiduciary or any other doctrine of law of the State of Nevada or any other state, which would not otherwise apply

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or FIRST CHOICE on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Las Vegas, Nevada. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Las Vegas, Nevada. I hereby waive and covenant never to assert or Claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any Claim under the judicial doctrine of forum non conveniens).

**SEEN AND AGREED:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Date)

**SCHEDULE 6**

**FRANCHISEE OWNERSHIP INFORMATION**

**Franchisee:** \_\_\_\_\_

**Trade Name** (if different from above): \_\_\_\_\_

**Form of Ownership  
(Check One)**

\_\_\_\_ **Individual** \_\_\_\_ **Limited Liability Company** \_\_\_\_ **Corporation** \_\_\_\_ **Partnership**

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

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

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

Franchisee acknowledges that this Statement of Ownership applies to the Franchised Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to First Choice in writing.

\_\_\_\_\_

Date Name

**SCHEDULE 7**



**AUTOMATIC PAYMENT AUTHORIZATION FORM**

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**AUTHORIZATION FOR CHECKING/SAVINGS ACCOUNT DRAFT OPTION:**

**PLEASE PRINT:**

I authorize charges to be drafted from the bank account listed below.

I authorize First Choice Business Brokers Inc. (Franchise Support) to draft from the bank account listed below in the following amount: \$1.00 or as Reported on the Royalty Reporting Form whichever is greater.

Please check type of account:                     Checking Account                     Savings Account

Name on account (exactly as printed) \_\_\_\_\_

Full Address for (Incl. Street & Apt. #):

\_\_\_\_\_

Name of Bank: \_\_\_\_\_

Checking/Savings Account Number \_\_\_\_\_

Routing Number: \_\_\_\_\_

\_\_\_\_\_  
Signature of Bank Account Holder

\_\_\_\_\_  
Date

1 The NACHA Operating Rules do not require the consumer's express authorization to initiate Reversing Entries to correct erroneous transactions. However, Originators should consider obtaining express authorization of debits or credits to correct errors.

2 Written debit authorizations must provide that the Receiver may revoke the authorization only by notifying the Originator in the time and manner stated in the authorization. The reference to notification should be filled with a statement of the time and manner that notification must be given in order to provide company a reasonable opportunity to act on it (e.g., "In writing by mail to 100 Main Street, Anytown, NY that is received at least three (3) days prior to the proposed effective date of the termination of authorization").

**SCHEDULE 8**

**FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, First Choice (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “First Choice” Franchised Business (the “**Franchise**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

**We will not ask you to complete this form, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin. Do not sign this Compliance Certification if you are a resident of Maryland or the business is to be operated in Maryland.**

1. Have you received and personally reviewed the Franchise Agreement, each Addendum, and related agreement attached to them?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

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3. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (“**FDD**”) that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Did you sign a receipt for the FDD indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

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6. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a FIRST CHOICE franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand that the success or failure of your Franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity on your behalf) concerning the actual or possible revenues, profits or operating costs of a "First Choice" business operated by the Franchisor or any of its franchisees, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity on your behalf) regarding the amount of money you may earn in operating the Franchise that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity on your behalf) concerning the total amount of revenue the Franchise will or may generate, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity on your behalf) regarding the costs you may incur in operating the Franchise that is contrary to or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity on your behalf) concerning the likelihood of success that you should or might expect to achieve from operating the Franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or other person speaking on behalf of the Franchisor made any statement, agreement or promise to you (or, to the best of your knowledge, information and belief, to any person or entity on your behalf) concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Do you understand that you are not being granted an exclusive or protected territory, and that Franchisor and its affiliates and subsidiaries retain the right, directly or through others, to develop and franchise other similar FIRST CHOICE franchises or different franchise systems regardless of their proximity to your Approved Location?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Do you understand that the Franchise Agreement contains the entire agreement between you and the Franchisor concerning the franchise and development rights for the Franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. I signed the Franchise Agreement, and Addenda (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no agreement or Addendum is effective until signed and dated by the Franchisor.

19. Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of our parent company or any of our affiliated companies? Check one: ( ) Yes ( ) No.

If your answer is "Yes," have you relied on the statement(s) regarding the financial condition of any of our affiliated companies in deciding whether to purchase a franchise from us? Check one: ( ) Yes ( ) No.

20. If you have answered "Yes" to any of questions 9-19, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "no" to each of questions 9-19, then please leave the following lines blank.

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

Do not sign this Compliance Certification if you are a resident of Maryland or Washington or the business is to be operated in Maryland or Washington.

**You Understand That Your Answers Are Important To Us And That We Will Rely On Them. By Signing This Questionnaire, You Are Representing That You Have Considered Each Question Carefully And Responded Truthfully To The Above Questions.**

FRANCHISE APPLICANT

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 20\_\_\_\_

**SCHEDULE 9**

**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

## **CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- 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. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

Sections 15.1 and 15.2 are deleted and in their place are substituted the following:

**15.1 Termination by Us Without Right to Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

- (a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;
- (b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;
- (c) The franchisor and franchisee agree in writing to terminate the franchise;
- (d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 15.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

**15.2 Termination by Us with Opportunity to Cure.** We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

### 3. Disclaimer of Warranty

Section 9 of Schedule 3 (Computer System User License Agreement), titled “Disclaimer of Warranty,” is hereby deleted in its entirety.

Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse’s marital and personal assets at risk, perhaps including your house, if your franchise fails.

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.

[Signature Page Follows]

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

**HAWAII ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is modified to also provide that we defer the payment of all initial fees paid by you to us until we have performed all pre-opening obligations and you are open for business.

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.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

**ILLINOIS ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

3. 815 ILCS 705/41 provides as follows: "Sec. 41. Waivers void. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

4. Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

5. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

FIRST CHOICE BUSINESS BROKERS, INC.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**MARYLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. A 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.

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 4 of the Franchise Agreement is modified to also provide: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

6. 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.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

## MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor 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 agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 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.
- The franchisor 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 considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- 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 Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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.

[Signature Page Follows]

FRANCHISEE

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

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

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

FIRST CHOICE BUSINESS BROKERS, INC.

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

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

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

\_\_\_\_\_ DATE

## **NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

6. You are not required to sign a general release upon renewal of the franchise agreement.
2. The franchise agreement is amended to also provide as follows:

“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”
7. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”
8. North Dakota law governs any cause of action arising out of the franchise agreement.
9. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
10. The third sentence of Section 16.5 of the Franchise Agreement, which requires you to consent to termination or liquidated damages, is hereby deleted as North Dakota determines it be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
11. The first sentence of Section 25.9 of the Franchise Agreement is amended and restated so that it reads: “Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed-to mediator in a place that is mutually agreeable and that is not remote from your place of business.

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.

[Signature Page Follows]

FRANCHISEE \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DATE \_\_\_\_\_

**RHODE ISLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

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.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

**SOUTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

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.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

**VIRGINIA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

The Franchise Agreement is modified to also provide as follows: “The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.”

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.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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

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

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

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

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

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

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

Section 4 of the Franchise Agreement is amended to also state: "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 (a) has received all initial training that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business."

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.

The undersigned does hereby acknowledge receipt of this addendum.

\_\_\_\_\_  
FRANCHISEE

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

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

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

FIRST CHOICE BUSINESS BROKERS, INC.

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

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

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

\_\_\_\_\_  
DATE

**WISCONSIN ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
  
2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

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.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

## EXHIBIT B

### NON-DISCLOSURE AGREEMENT

#### FIRST CHOICE BUSINESS BROKERS, INC. NON-DISCLOSURE AGREEMENT

This agreement is entered into this \_\_\_<sup>th</sup> day of \_\_\_\_\_, 20\_\_ by and between First Choice Business Brokers, Inc. (“FIRST CHOICE”), having principal offices in Las Vegas, NV and \_\_\_\_\_ (insert name), having his principal offices in \_\_\_\_\_ (insert city and state). For purpose of this agreement, FIRST CHOICE is the disclosing party and \_\_\_\_\_ (insert name) is the receiving party. The purpose of this agreement is to prevent the unauthorized disclosure or use of Confidential Information (as defined below), which may be disclosed to Receiving Party for the purpose of pursuing the establishment of a business relationship or negotiating any contract or agreement between Disclosing Party and Receiving Party.

For purposes of this Agreement, Confidential Information shall not mean information regarding the brokerage of businesses and franchises, in general, including business operations, formats and techniques not formulated by FIRST CHOICE. Furthermore, Confidential Information shall not mean information formulated by FIRST CHOICE which would otherwise be known by a broker already in the trade or business of brokering businesses or franchises. For purpose of this section, “known” is defined as actual knowledge or knowledge that would have been expected when applying an objective reasonable person standard.

For purposes of this Agreement, except as provided for above, the term “Confidential Information” means: proprietary techniques, methodology, formats, processes, business plans, legal agreements and legal documents, research programs, teaching techniques, trade secrets, unpublished financial data including but not limited to formats, specifications, know-how, budgets, projections, tools of the trade, professional trade references, marketing strategies, manuals, and customer lists, disclosed to Receiving Party by FIRST CHOICE.

NOW THEREFORE IN CONSIDERATION of the mutual covenants, agreements, representations, and warranties, and in exchange for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Effective Date. This Agreement shall become effective on the earlier of the first date of execution of this Agreement or the date that any Confidential Information was or is first disclosed to Receiving Party, whichever comes first.
2. Non-Disclosure. Receiving Party acknowledges that the FIRST CHOICE Confidential Information is essential to the goodwill of the business of Disclosing Party. Receiving Party shall hold and maintain FIRST CHOICE’s Confidential Information in strictest confidence and in trust for the sole and exclusive benefit of Disclosing Party. Receiving Party shall not use for its own benefit, publish, or otherwise disclose to others (with the exception of associated agents, employees or lending institutions), or permit the use by others for their benefit or to the detriment of Disclosing Party, any of the FIRST CHOICE Confidential Information. Receiving Party shall

carefully restrict access to the FIRST CHOICE Confidential Information to those of its officers, directors, agents, and employees and associated financial institution representatives who clearly need such access in order to participate on behalf of Receiving Party in the analysis and negotiation of a business relationship or any contract or agreement, or the advisability thereof, with Disclosing Party.

3. Injunction Relief. In the event of breach of any of the covenants or representations hereof, the Disclosing Party shall be entitled to injunctive relief in addition to any other remedy, including claims for damages that it might otherwise have.

4. Binding Effect. This Agreement shall inure to the benefit of the Disclosing Party and shall be binding upon the personal representatives of the undersigned and may not be terminated, amended or modified, except by an instrument in writing signed by the Parties. The parties acknowledge and agree that this Agreement is entered into for the purpose of Receiving Party's consideration of whether it will enter into a binding Franchise Agreement. Any Franchise Agreement entered into by the parties to this Agreement will supersede this Agreement in all aspects.

5. Applicable Law. The provisions of this Agreement shall be construed, and the performance thereof shall be enforced, in accordance with the laws of the State of Nevada.

6. Term. The parties hereto agree that the term of this agreement shall commence on the date described in section 1 and shall terminate five (5) years from this date.

IN WITNESS WHEREOF, the parties hereto have set their hand and seal this \_\_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 20\_\_.

Disclosing Party, FIRST CHOICE

By:

\_\_\_\_\_

Receiving Party

\_\_\_\_\_

(name of person), Individually and on behalf of (name of corporation/franchisee)

\_\_\_\_\_

**EXHIBIT C**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
<b>California</b>	Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013  2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013
<b>Connecticut</b>	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
<b>Hawaii</b>	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>Illinois</b>	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
<b>Indiana</b>	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division West Washington Street, Room E-111 Indianapolis, IN 46204
<b>Kentucky</b>	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
<b>Maryland</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Department of Attorney General	Department of Attorney General 525 W. Ottawa Street

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
	Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	G. Mennen Building Lansing, MI 48913
<b>Minnesota</b>	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
<b>Nebraska</b>	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
<b>New York</b>	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 Phone: 212-416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, New York 12231-0001 (518) 473-2492
<b>North Dakota</b>	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
<b>Rhode Island</b>	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
<b>South Dakota</b>	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
<b>Texas</b>	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
<b>Utah</b>	Department of Commerce Division of Consumer Protection 160 East 300 South	

State	State Administrator	Agent for Service of Process
	Salt Lake City, Utah 84111-0804 (801) 530-6601	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
<b>Washington</b>	Washington Dept. of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd., SW Tumwater, WA 98501
<b>Wisconsin</b>	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

**EXHIBIT D  
GENERAL RELEASE**

THIS GENERAL RELEASE is made and given by \_\_\_\_\_, (“Releasor”) with reference to the following facts:

1. Releasor and First Choice Business Brokers, Inc. (Releasee) are parties to one or more franchise agreements.
2. The following consideration is given:

\_\_\_\_\_ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”); or

\_\_\_\_\_ Releasor’s consent to Releasee’s transfer of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ Releasor’s consent to Releasee’s assumption of rights and duties under the Franchise Agreement; or

\_\_\_\_\_ [insert description]

3. Release- Franchisee and all of Franchisee’s guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively “Released Parties”) from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST CHOICE BUSINESS BROKERS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
DATE

**EXHIBIT E**

**FINANCIAL STATEMENTS**

## **EXHIBIT E-1**

### **UNAUDITED 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.

# First Choice Business Brokers Inc

## Balance Sheet As of May 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 Community Bk-General	0.00
1005 Certificate of Deposit	0.00
1121 NSBank	677,699.32
CHASE BANK	351,579.44
CHASE BANK CD	0.00
Nevada State Bank CD	250,000.00
NSB Market Fund Account - 7862	0.00
<b>Total Bank Accounts</b>	<b>\$1,279,278.76</b>
Accounts Receivable	
1200 Accounts Receivable	296,980.35
<b>Total Accounts Receivable</b>	<b>\$296,980.35</b>
Other Current Assets	
1202 Deferred Revenue (Franchise Fees)	0.00
1499 Undeposited Funds	0.00
1511 Commission Advance	0.00
Allowance For Doubtful Accounts	0.00
Credit Card Receivables	0.00
Current Deferred Tax Asset	140,831.00
Deferred Contract Costs - Current	62,645.00
Loan to Shareholders	0.00
Note Receivable FCBBI AG	0.00
Interest Receivable	0.00
<b>Total Note Receivable FCBBI AG</b>	<b>0.00</b>
Note Receivable FCBBI UK	0.00
Prepaid Assets	20,006.25
Training Hotel Deposit	0.00
Uncategorized Asset	0.00
<b>Total Other Current Assets</b>	<b>\$223,482.25</b>
<b>Total Current Assets</b>	<b>\$1,799,741.36</b>
Fixed Assets	
Accummulated Depreciation	-9,118.66
Furniture & Fixtures	5,231.43
Office Equipment	3,887.23
<b>Total Fixed Assets</b>	<b>\$0.00</b>

# First Choice Business Brokers Inc

## Balance Sheet As of May 31, 2024

	TOTAL
Other Assets	
Deferred Contract Costs	430,391.00
ROU Asset for Operating Lease	557,386.41
Security Deposits	21,381.00
<b>Total Other Assets</b>	<b>\$1,009,158.41</b>
<b>TOTAL ASSETS</b>	<b>\$2,808,899.77</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
Credit Card Payable	4,564.68
AMEX 72002	0.00
Amex 8-73002	39,561.21
AMEX 81000	0.00
Credit Card Payable - Chase	0.00
<b>Total Credit Card Payable</b>	<b>44,125.89</b>
<b>Total Credit Cards</b>	<b>\$44,125.89</b>
Other Current Liabilities	
A/P	0.00
CPLTD - PPP Loan	0.00
Current operating lease liability	78,670.44
Deferred Franchise Fees - Current	271,867.00
Deferred Income Taxes	0.00
Deferred Revenue	12,870.00
Due to Matt Miele Family Trust	0.00
Due to Shareholders	0.00
Income Tax Payable	81,374.00
Loan from Shareholder	0.00
Refundable Deposit	0.00
Shareholder Loan	0.00
Interest Payable	0.00
<b>Total Shareholder Loan</b>	<b>0.00</b>
<b>Total Other Current Liabilities</b>	<b>\$444,781.44</b>
<b>Total Current Liabilities</b>	<b>\$488,907.33</b>
Long-Term Liabilities	
Deferred Franchise Fees	1,950,372.00
Liability for Operating Lease, net	515,839.77
Loan Payable - PPP	0.00
<b>Total Long-Term Liabilities</b>	<b>\$2,466,211.77</b>
<b>Total Liabilities</b>	<b>\$2,955,119.10</b>

# First Choice Business Brokers Inc

## Balance Sheet As of May 31, 2024

	TOTAL
Equity	
1110 Retained Earnings	-674,674.68
3000 Opening Bal Equity	0.00
3001 Capital	65,891.38
Dividends Paid	-55,000.00
Net Income	517,563.97
<b>Total Equity</b>	<b>\$ -146,219.33</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$2,808,899.77</b>

# First Choice Business Brokers Inc

## Profit and Loss

January - May, 2024

	TOTAL
Income	
1001 TRAINING FEES FRANCHISEES	45,000.00
1004 Admin Fee	7,814.65
1007 Royalty Fees	340,541.47
1008 Agent Monthly Fees	62,645.00
1009 Franchise Fees	801,099.79
1012 Web and Technology Fees	95,843.70
1013 Zoom Info	39,415.82
1020 Misc	55,000.00
1022 1022 CANVA	1,799.48
1122 1122 Credit Card Fees	1,799.42
1500 Agent Training	26,169.72
2023 National Conference	283.25
2024 National Conference	92,087.00
26400 Brand Fund	38,500.00
<b>Total Income</b>	<b>\$1,607,999.30</b>
GROSS PROFIT	<b>\$1,607,999.30</b>
Expenses	
2024 National Conference Expenses	63,536.40
5003 advertising	222,428.29
5005 Commission	500.00
5007 Filing Fees	1,045.00
5008 office expense	9,005.34
5010 Rent	20,810.85
5011 Telephone	3,300.00
5119 wire fees	180.00
6120 Bank Service Charges	211.15
6121 Stripe Fees	1,049.73
6180 Insurance	728.80
6420 Work Comp	70.94
<b>Total 6180 Insurance</b>	<b>799.74</b>
6200 Interest Expense	599.49
6240 Miscellaneous	1,010.30
6250 Postage and Delivery	24.41
6255 memberships	195.00
6270 Professional Fees	
6280 Legal Fees	177.68
6650 Accounting & Bookkeeping	35,215.23
<b>Total 6270 Professional Fees</b>	<b>35,392.91</b>
6274 Officer Salaries	88,260.00
6275 Web Site Consultant	7,372.00

# First Choice Business Brokers Inc

## Profit and Loss

January - May, 2024

	TOTAL
6276 Sales Commissions	78,418.50
6320 Computer Repairs	1,884.12
6321 computer maintenance	4,026.80
6350 Travel & Ent	1,325.10
6380 Travel	657.00
<b>Total 6350 Travel &amp; Ent</b>	<b>1,982.10</b>
6550 Office Supplies	1,194.30
6561 Payroll taxes	71,471.16
6562 Payroll accounting fees	2,714.75
6777 health Insurance	9,936.86
6780 Credit Card & ACH fees	7,816.05
6880 Legal Fees	4,086.50
6999 Franchisee Support	15,489.27
7001 Janitorial	300.00
7005 copier	28.20
7007 Marketing Travel Expense	975.00
7008 Franchise Marketing	7,311.24
7223 CRM Consultant	5,000.00
7500 System Development	26,383.00
7501 401K Plan	2,943.89
7503 Admin expense	43,985.30
7555 Operations	35,000.00
8582 Contract Employee non USA	1,036.60
8585 Quickstart	25,000.00
8586 Royalty Fees NSF	3,444.11
8587 Area Rep Commissions	25,060.00
8590 Brand Fund Expenses	64,725.27
8600 corporate taxes	60,000.00
Auto	55,000.00
Duda	1,776.00
Franchise Sales Payroll	35,871.60
Legal & Professional Fees	3,120.00
Licenses	250.00
Merchant fees	650.00
My Portal	11,200.00
Payroll misc payroll	
Travel	1,010.83
Travel Meals	283.66
ZoomInfo	36,616.00
<b>Total Expenses</b>	<b>\$1,101,711.72</b>
<b>NET OPERATING INCOME</b>	<b>\$506,287.58</b>

# First Choice Business Brokers Inc

## Profit and Loss

January - May, 2024

	TOTAL
Other Income	
4011 Interest Income	11,276.39
<b>Total Other Income</b>	<b>\$11,276.39</b>
NET OTHER INCOME	<b>\$11,276.39</b>
NET INCOME	<b>\$517,563.97</b>

**EXHIBIT E-2**

**AUDITED FINANCIAL STATEMENTS**

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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***Independent Auditor's Report***

To the Stockholders of  
First Choice Business Brokers, Inc.

***Opinion***

We have audited the accompanying financial statements of First Choice Business Brokers, Inc. (a Nevada corporation), which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Choice Business Brokers, Inc. as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of First Choice Business Brokers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about First Choice Business Brokers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of First Choice Business Brokers, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about First Choice Business Brokers, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ellsworth & Stout, LLC

March 18, 2024  
Las Vegas, Nevada

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023, 2022 AND 2021**

	2023	2022	2021
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 1,056,716	\$ 674,168	\$ 294,200
Accounts receivable, net	1,980	1,280	1,775
Prepaid expenses	20,006	25,000	-
Current maturities of deferred contract costs	62,645	34,767	16,030
Total current assets	<u>1,141,347</u>	<u>735,215</u>	<u>312,005</u>
<b>Other Assets:</b>			
ROU asset from operating lease, net	557,386	1,350,868	-
Deferred contract costs, net of current	430,391	242,138	108,270
Deferred income taxes	140,831	108,131	16,890
Deposits	21,381	21,381	-
Total other assets	<u>1,149,989</u>	<u>1,722,518</u>	<u>125,160</u>
<b>Total Assets</b>	<u><u>\$ 2,291,336</u></u>	<u><u>\$ 2,457,733</u></u>	<u><u>\$ 437,165</u></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 44,126	\$ 29,565	\$ 1,098
Income tax payable	81,374	83,687	25,629
Deferred revenue	12,870	2,050	-
Current operating lease liability	78,670	188,745	-
Current maturities of deferred franchise fees	271,867	163,076	86,226
Total current liabilities	<u>488,907</u>	<u>467,123</u>	<u>112,953</u>
<b>Long-Term Liabilities:</b>			
Liability for operating lease, net	515,840	1,165,095	-
Deferred franchise fees, net of current	1,950,372	1,185,732	575,582
Total long-term liabilities	<u>2,466,212</u>	<u>2,350,827</u>	<u>575,582</u>
<b>Total Liabilities</b>	<u>2,955,119</u>	<u>2,817,950</u>	<u>688,535</u>
<b>Stockholders' Deficit:</b>			
Common stock, no par value; 100,000 shares authorized, 90,000 shares issued and outstanding	-	-	-
Additional paid-in capital	65,891	65,891	65,891
Accumulated deficit	<u>(729,674)</u>	<u>(426,108)</u>	<u>(317,261)</u>
<b>Total Stockholders' Deficit</b>	<u>(663,783)</u>	<u>(360,217)</u>	<u>(251,370)</u>
<b>Total Liabilities and Stockholders' Deficit</b>	<u><u>\$ 2,291,336</u></u>	<u><u>\$ 2,457,733</u></u>	<u><u>\$ 437,165</u></u>

See accompanying notes to the financial statements.

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenue</b>	\$ 1,621,246	\$ 1,052,951	\$ 745,341
<b>Cost of Revenue</b>	<u>147,312</u>	<u>73,009</u>	<u>17,530</u>
<b>Gross Profit</b>	<u>1,473,934</u>	<u>979,942</u>	<u>727,811</u>
<b>Operating Expenses:</b>			
Advertising	744,282	425,292	160,528
Automobile	-	-	12,000
Employee benefits	52,600	23,574	16,994
Insurance	2,856	2,591	2,560
Office expense and other	53,922	11,407	9,925
Professional fees	204,486	173,408	211,386
Repairs and maintenance	-	6,521	4,500
Rent	101,301	72,049	27,500
Salaries, wages and related	592,399	375,801	255,126
Taxes and licenses	3,354	5,700	7,215
Travel and entertainment	-	-	3,177
Total operating expenses	<u>1,755,200</u>	<u>1,096,343</u>	<u>710,911</u>
<b>Operating Income (Loss)</b>	<u>(281,266)</u>	<u>(116,401)</u>	<u>16,900</u>
<b>Other Income (Expense):</b>			
PPP loan forgiveness	-	-	31,557
Interest expense	-	-	(4,620)
Total other income (expense)	<u>-</u>	<u>-</u>	<u>26,937</u>
<b>Net Income (Loss) before Taxes</b>	(281,266)	(116,401)	43,837
<b>Provision for Income Tax Benefit (Expense)</b>	<u>32,700</u>	<u>7,554</u>	<u>(62,228)</u>
<b>Net Loss</b>	<u>\$ (248,566)</u>	<u>\$ (108,847)</u>	<u>\$ (18,391)</u>

*See accompanying notes to the financial statements.*

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**STATEMENTS OF STOCKHOLDERS' DEFICIT**  
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

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	Common Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
<b>Balance, December 31, 2020</b>	90,000	\$ -	\$ 65,891	\$ (298,870)	\$ (232,979)
Net loss	-	-	-	(18,391)	(18,391)
<b>Balance, December 31, 2021</b>	90,000	-	65,891	(317,261)	(251,370)
Net loss	-	-	-	(108,847)	(108,847)
<b>Balance, December 31, 2022</b>	90,000	-	65,891	(426,108)	(360,217)
Net loss	-	-	-	(248,566)	(248,566)
Dividend distributions	-	-	-	(55,000)	(55,000)
<b>Balance, December 31, 2023</b>	90,000	\$ -	\$ 65,891	\$ (729,674)	\$ (663,783)

*See accompanying notes to the financial statements.*

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	2023	2022	2021
<b>Cash Flows From Operating Activities:</b>			
Net loss	\$ (248,566)	\$ (108,847)	\$ (18,391)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Deferred income tax (benefit) expense	(32,700)	(91,241)	36,118
Operating lease accretion	34,152	2,972	-
PPP loan forgiveness	-	-	(31,557)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(700)	495	(1,775)
Prepaid expenses	4,994	(25,000)	-
Deferred contract costs	(216,131)	(152,605)	430
Deposits	-	(21,381)	-
Increase (decrease) in:			
Accounts payable	14,561	28,467	(1,746)
Income tax payable	(2,313)	58,058	(2,935)
Deferred revenue	10,820	2,050	-
Deferred franchise fees	873,431	687,000	81,775
Net cash provided by operating activities	<u>437,548</u>	<u>379,968</u>	<u>61,919</u>
<b>Cash Flows From Financing Activities:</b>			
Stockholder loans	-	-	(50,206)
Dividend distributions	(55,000)	-	-
Net cash used in financing activities	<u>(55,000)</u>	<u>-</u>	<u>(50,206)</u>
<b>Net Change in Cash</b>	382,548	379,968	11,713
<b>Cash, Beginning of Year</b>	<u>674,168</u>	<u>294,200</u>	<u>282,487</u>
<b>Cash, End of Year</b>	<u>\$ 1,056,716</u>	<u>\$ 674,168</u>	<u>\$ 294,200</u>
<b>Supplemental Cash Flow Information:</b>			
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,620</u>

See accompanying notes to the financial statements.

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of First Choice Business Brokers, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of the Business**

The Company was incorporated on August 19, 2005, and is based in Las Vegas, Nevada. The Company provides worldwide franchise opportunities in relation to the establishment and operation of a business brokerage franchised business. The Company provides technical assistance in the establishment, business management and product and services of a business brokerage within the framework of a franchise agreement.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

**Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable**

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

Accounts receivable are reported net of an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to account receivable.

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

As of December 31, accounts receivable consisted of the following balances:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 1,980	\$ 1,280	\$ 1,775	\$ -
Allowance for doubtful accounts	-	-	-	-
	<u>\$ 1,980</u>	<u>\$ 1,280</u>	<u>\$ 1,775</u>	<u>\$ -</u>

**Revenue Recognition**

In accordance with ASC 606, the Company applies each of the following steps in the recognition of contract revenue:

- Identifies contracts with customers.
- Identifies performance obligations in contracts.
- Determines transaction prices.
- Allocates transaction prices to performance obligations in the contracts.
- Recognizes revenue when performance obligations are satisfied.

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred franchise fees	\$ 2,222,239	\$ 1,348,808	\$ 661,808
Less: current maturities	(271,867)	(163,076)	(86,226)
	<u>\$ 1,950,372</u>	<u>\$ 1,185,732</u>	<u>\$ 575,582</u>

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2024	\$ 271,867
2025	271,867
2026	271,242
2027	271,242
2028	269,042
Thereafter	866,979
	<u>\$ 2,222,239</u>

Continuing fees are recognized monthly, as they are earned.

Additionally, the Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheets. Costs for these incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred contract costs	\$ 493,036	\$ 276,905	\$ 124,300
Less: current maturities	<u>(62,645)</u>	<u>(34,767)</u>	<u>(16,030)</u>
	<u>\$ 430,391</u>	<u>\$ 242,138</u>	<u>\$ 108,270</u>

**Income Taxes**

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax basis of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future income. A valuation allowance is recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, then the estimated liability is accrued. If the Company were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. As of December 31, 2023, there were no uncertain tax positions.

The Company is no longer subject to potential income tax examinations by tax authorities for years in which the statute of limitations has expired.

**Advertising**

The Company expenses advertising costs as incurred.

**Leases**

The Company has elected to apply to the portfolio approach to account for ROU assets and liabilities, where applicable.

The Company has elected the practical expedient that does not require the Company to separate lease and non-lease components for its leases.

The Company has elected to use the risk-free rate as the discount rate.

The Company has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise, are not recorded on the balance sheet.

The Company has elected to use the package of transition practical expedients.

The Company leases office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2023, 2022 AND 2021**

**NOTE 2 – INCOME TAXES**

For the year ended December 31, the provision for income taxes consisted of the following components:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current tax expense	\$ -	\$ (83,687)	\$ (26,110)
Deferred tax benefit (expense)	32,700	91,241	(36,118)
	<u>\$ 32,700</u>	<u>\$ 7,554</u>	<u>\$ (62,228)</u>

As of December 31, the accompanying balance sheets included the following amounts of deferred tax assets:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred tax asset	\$ 140,831	\$ 108,131	\$ 16,890
Deferred tax liability	-	-	-
	<u>\$ 140,831</u>	<u>\$ 108,131</u>	<u>\$ 16,890</u>

The deferred tax balances resulted primarily from differences between the accrual basis method used for financial reporting and the cash basis method used for tax reporting.

**NOTE 3 – REVENUE**

For the years ended December 31, revenue sources were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Initial Franchise Fees	\$ 328,243	\$ 232,246	\$ 241,927
Royalties	740,148	496,695	212,525
Other	552,855	324,010	290,889
	<u>\$ 1,621,246</u>	<u>\$ 1,052,951</u>	<u>\$ 745,341</u>

As of December 31, the timing and recognition of revenue was as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Services transferred at a point in time	\$ 1,293,003	\$ 503,414	\$ 375,649
Services transferred over time	328,243	241,927	170,659
	<u>\$ 1,621,246</u>	<u>\$ 745,341</u>	<u>\$ 546,308</u>

Various economic factors such as supply and demand, laws and policies, and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**NOTE 4 – LEASE ACTIVITIES**

As of December 31, 2023, additional information about the Company’s leases were as follows:

Lease Costs (included in rent expense):

Operating lease cost	\$ 101,301
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Other Information:

Weighted-average remaining lease terms (years)	5.67
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Weighted-average discount rate	1.40%
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As of December 31, 2023, operating lease liabilities mature as follows:

2024	\$ 86,451
2025	108,188
2026	111,288
2027	114,602
2028	118,023
Thereafter	80,856
Total lease payments	<u>619,408</u>
Less: interest	<u>(24,898)</u>
Present value of lease liabilities	<u>\$ 594,510</u>

**NOTE 5 – EMPLOYEE BENEFIT PLAN**

The Company provides employees with the opportunity to participate in a 401(k) plan (the Plan), subject to certain eligibility requirements. The Plan covers eligible employees immediately upon hire and employees may begin to elect to make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Company made contributions to the Plan on behalf of a related party officer in the amount of \$2,282, \$23,000 and \$9,000 for the years ended December 31, 2023, 2022 and 2021, respectively. These amounts are included under the caption “Employee benefits” on the accompanying statements of operations.

**NOTE 6 – RELATED PARTIES**

The Company paid salaries and wages to a related party stockholder and officer in the amount of \$332,000, \$166,000 and \$157,000 for the years ended December 31, 2023, 2022 and 2021, respectively. These amounts are included under the caption “Salaries, wages and related” on the accompanying statements of operations.

**FIRST CHOICE BUSINESS BROKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 18, 2024, the date on which the financial statements were available to be issued. No events were identified that required adjustments of disclosure to the financial statements.

**EXHIBIT F**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 5 of the Disclosure Document is modified by adding the following: “The California Department of Financial Protection and Innovation has imposed a financial assurance condition on the Franchisor which is being satisfied by posting a surety bond as shown in Exhibit A here.”

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

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

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

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF

FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at [fcbb.com](http://fcbb.com).

OUR WEBSITE 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 PROTECTINO AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

## Exhibit A

STATE OF CALIFORNIA -DEPARTMENT OF BUSINESS OVERSIGHT  
**SURETY BOND**  
DBO - 31113 (Rev. 09-15)



BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
OF THE STATE OF CALIFORNIA

(Under Section 31113 of the Corporations Code)

Bond No. 107246303

KNOW ALL MEN BY THESE PRESENTS:

That we **FIRST CHOICE BUSINESS BROKERS INC.**, as principal, and **Travelers Casualty and Surety Company of America**, a corporation, created, organized and existing under and by virtue of the laws of the State of **CONNECTICUT**, as surety, are held and firmly bound unto the State of California for the use thereof, and for the use of any interested person or persons who may have a cause of action against the above-named principal of said bond under the provisions of the Law entitled "Franchise Investment Law," of the State of California, in the aggregate sum of **\$90,000.00**, lawful money of the United States of America, to be paid to the State of California, or to any person or persons, for the use and benefit aforesaid, for which payment well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the above obligation is such that—

WHEREAS, The above-named principal has made application to the Commissioner of Business Oversight of the State of California for registration of franchises under and pursuant to the Franchise Investment Law, and desires to furnish a bond under the provisions of Section 31113 of the Corporations Code and Section 310.113.5 of Title 10, California Administrative Code in the penal sum above named, conditioned as herein set forth; and

WHEREAS, Section 31113 of the Corporations Code requires that this bond be conditioned upon the discharge by the franchisor of its (his) obligations under the franchise contract to provide real estate, improvements, equipment, inventory, training and other items included in the offering of franchises;

NOW, THEREFORE, If the said principal and any and all agents and employees representing said principal shall faithfully conform to and abide by the provisions of the Law entitled "Franchise Investment Law," and of all rules and regulations made by the Commissioner of Business Oversight thereunder, and further shall pay to the State, and to such person or persons, any and all amounts which may become due or owing to the State or to such person or persons, from said principal under and by virtue of the provisions of said Law, then this obligation is to be void, otherwise to remain in full force and effect.

This bond is subject to the following provisions:

1. That any person who sustains an injury covered by this bond, may, in addition to any other remedy that he may have, bring an action in his own name upon this bond for the recovery of any damage sustained by him.
2. That the total aggregate liability of the sureties herein for all claims which may arise under

STATE OF CALIFORNIA -DEPARTMENT OF BUSINESS OVERSIGHT  
**SURETY BOND**  
DBO - 31113 (Rev. 09-15)

this bond shall be limited to the payment of \$90,000.00.

3. That the surety or sureties may cancel this bond and be relieved of further liability hereunder by delivering thirty days' written notice to the Commissioner of Business Oversight of the State of California; however, such cancellation shall not affect any liability incurred or accrued hereunder prior to the termination of said thirty day period.

4. That this bond shall remain in force and effect until the surety or sureties are released from liability by said Commissioner or until the bond is canceled by said surety or sureties.

5. That the effective date of this bond shall be April 08, 2020.

IN WITNESS WHEREOF, The seal and signature of the said principal is hereto affixed and the corporate seal and the name of said surety is hereto affixed and attested by its duly authorized officers at San Diego, California, this 09 day of April, 2020.

FIRST CHOICE BUSINESS BROKERS INC.

  
Principal

Travelers Casualty and Surety Company of America

  
Surety PATRICK K MCNAMARA



**ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Nevada  
County of Clark

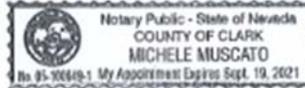
On April 09, 2020 before me, Jeffrey Nyman <sup>MAN</sup> Michele Muscato <sup>Notary Public</sup>  
(insert name and title of the officer)

personally appeared Jeffrey Nyman  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Michele Muscato* (Seal)





POWER OF ATTORNEY

Farmington Casualty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company  
Travelers Casualty and Surety Company  
Travelers Casualty and Surety Company of America  
United States Fidelity and Guaranty Company

Surety Bond No. 107246303

Principal: FIRST CHOICE BUSINESS BROKERS INC.  
5420 WEST SAHARA SUITE 200 LAS VEGAS, NV 89146

Obligee: California Department of Business Oversight  
1515 K Street, Suite 200 SACRAMENTO, CA 958144052

**KNOW ALL MEN BY THESE PRESENTS:** That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint **PATRICK K MCHAMARA**, of the City of **SAINT PAUL**, State of **MN**, their true and lawful Attorney(s)-in-Fact, to sign, execute, seal and acknowledge the surety bond referenced above.

**IN WITNESS WHEREOF**, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this **7th** day of **July, 2016**.

Farmington Casualty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company  
Travelers Casualty and Surety Company  
Travelers Casualty and Surety Company of America  
United States Fidelity and Guaranty Company



State of Connecticut

City of Hartford ss.

By: *Robert L. Raney*  
Robert L. Raney, Senior Vice President

On this the **7th** day of **July, 2016**, before me personally appeared **Robert L. Raney**, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

**In Witness Whereof**, I hereunto set my hand and official seal.  
My Commission expires the **30th** day of **June, 2021**.



*Marie C. Tebault*  
Marie C. Tebault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

**IN TESTIMONY WHEREOF**, I have hereunto set my hand and affixed the seals of said Companies this 09 day of April, 2020.

  
Kevin E. Hughes, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at [www.travelersbond.com](http://www.travelersbond.com). Please refer to the above-named individuals and the details of the bond to which the power is attached.

**HAWAII ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES 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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, HI 96813

Items 5 and 7 of the Disclosure Document are modified to also provide that we defer the payment of all initial fees paid to us until we have performed all of our pre-opening obligations and you are open for business.

**ILLINOIS ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.u. is modified to provide that you must arbitrate claims against us.
2. Item 17.v. is modified to provide that arbitration shall take place in the location of our corporate headquarters.
3. Item 17.w. is modified to provide that Illinois law applies.
4. Any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
5. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
7. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

## **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, “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. Item 17.u. is modified to also provide, “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

3. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. Item 5 is modified to also provide: “Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

5. 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.

## **MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

Item 5 of the Disclosure Document is modified by adding the following: “The Minnesota Department of Commerce, Securities Section has imposed a financial assurance condition on the Franchisor which is being satisfied by posting a surety bond.”

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor 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 agreements can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 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.
- The franchisor 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 considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- 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 Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

## **NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE SET THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

6. 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 earlier 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.

## **NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Restrictive Covenants:** To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

**Applicable Laws:** North Dakota law will govern the franchise agreement.

**Waiver of Trial by Jury:** Any waiver of a trial by jury will not apply to North Dakota Franchises.

**Waiver of Exemplary & Punitive Damages:** Any waiver of punitive damages will not apply to North Dakota Franchisees.

**General Release:** Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

**Enforcement of Agreement:** Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**Termination or Liquidated Damages:** Section 17(i) of the Franchise Disclosure Document and the third sentence of Section 16.5 of the Franchise Agreement, which requires you to consent to termination or liquidated damages, is hereby deleted as North Dakota determines it be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

**Site of Mediation:** Item 17(u) of the Disclosure Document and Section 25.9 of the Franchise Agreement provides that the franchisee must agree to the mediation of disputes in Nevada. The Commissioner has determined that franchise agreements, which provide that parties agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(u) of the Disclosure Document and Section 25 of the Franchise Agreement are hereby amended to state that the site of any mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

Item 5 of the Franchise Disclosure Document and Section 4.1 of the Franchise Agreement are amended to state that payment of your Initial Franchise Fee and Initial Training / Marketing Fee will be deferred until we have satisfied our pre-opening obligations to you and you have commenced business operations.

**RHODE ISLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

**VIRGINIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchise Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Additional Disclosure. The following statements are added to Item 17.h of the Franchise Disclosure Document.

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

2. Item 5 of the Franchise Disclosure Document is amended to also state as follows: “The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.”

## **WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Washington State Franchise Investment Laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

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

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

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

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

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

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

Item 5 of the Disclosure Document is amended to also state: “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 (a) has received all initial training that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business.”

**WISCONSIN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**EXHIBIT G-1**  
**LIST OF CURRENT FRANCHISEES**

The following is a list of the names of all Franchisees and the address and telephone number of each of their outlets as of the end of our most recently completed fiscal year.

**Arizona**

213-Leilani Felix  
Two North Central Ave, 18th & 19th Floor  
Phoenix, AZ - 85004  
(602) 675-4261

266-Jason Dougher - Phoenix Northwest  
21640 N 19th Ave, Suite C9,  
Phoenix, AZ 85027  
(623) 888-6190

288-Jason Dougher -Phoenix AZ003  
21640 N 19th Ave, Suite C9,  
Phoenix, AZ 85027  
(623) 888-6190

267 - Barry Maring  
21640 North 19th Avenue,  
Phoenix, AZ 85027  
(602) 962-0888

**Arkansas**

247- John and Amanda Martinez  
1202 NE McClain Road, Bldg 7,  
Bentonville, AR 72712  
(833) 484-0063

**California**

130-Adrianna D. Smith-Lana Hout  
1642 Westwood Blvd., Ste 201  
Los Angeles, CA - 90024  
(424) 832-3410

226-Felizardo Gaxiola  
3610 Central Avenue  
Suite 400,  
Riverside, CA - 92506  
(951) 848-6010

238-Ryan and Rose Roques  
4160 Temescal Canyon Rd., Suite 401,  
Corona, CA 92883  
(951) 776-5050

253-Michael Faust  
5250 Lankershim Blvd Suite 500-1001  
Los Angeles, CA - 91601  
(818) 810-4242

106-Bryan Gonzales  
2888 Loker Avenue East #110,  
Carlsbad, CA 92010  
(858) 578-4111

250-Ken Mauch  
501 S Reino Rd Suite 169,  
Newbury Park, CA 91320  
(925) 918-0451

Eric Johnson  
100 South Murphy, Avenue, Suite 200  
Sunnyvale, CA 94086  
(650)397-6562

**Colorado**

214-Kevin and Stephanie Robertson  
9878 W Belleview Ave, Suite 2028  
Littleton, CO 80123  
(720) 295-7579

**Connecticut**

Kenneth Madison  
112 Spencer Street Suite 1A  
Manchester, CT 06040  
(860) 966-0519

**Florida**

126-Ken Vichinsky  
5571 North University Drive Ste 101  
Coral Springs, FL 33067  
(954) 796-7965

232-Michael Canales  
618 East South Street Suite 500  
Orlando, FL 32801  
(407) 412-7101

237- Moe & Andrea Bousaid  
9100 Conroy Windermere Rd  
Windermere, FL 34786  
(702) 241-1242

239 -Andy Rumph Tampa  
401 East Jackson Street SunTrust Tower,  
Tampa, Florida - 33602

(813) 773-6434

240-Andy Rumph- Fort Myers  
401 East Jackson Street SunTrust Tower,  
Tampa, Florida - 33602  
(813) 773-6434

290- Felizardo Gaxiola  
5571 No. University Dr, #101  
Coral Springs FL 33067  
(954) 796-7965

**Georgia**

243- Mike Denham & Joe Moon  
279 West Crogan Street,  
Lawrenceville, GA- 30046  
(770) 203-1100

**Idaho**

229-Brandon Brown  
4155 Yellowstone Highway  
Ste 1260B,  
Pocatello, ID 83202  
(208) 244-6440

**Kentucky**

252- Adam and Lauren Marley - Louisville  
1935 S Hurstbourne Parkway #1098,  
Louisville, KY 40220  
(502) 321 -0103

257- Adam and Lauren Marley - Lexington  
1935 S Hurstbourne Parkway #1098,  
Louisville, KY 40220  
(502) 321 -0103

**Massachusetts**

256 John Donovan  
126 Reedsdale Road,  
Milton, MA- 02186  
(617) 799-5077

**Michigan**

217-Ken Lee  
41000 Woodward Avenue, Suite 350 East Building  
Bloomfield Hills, MI 48304  
(248) 218-2630

225-Carl and Susan Howard  
120 North Washington Square, Suite 380  
Lansing, MI 48933  
(517) 940-8975

**Minnesota**

Scott Krantz  
21897 So Diamond Lake Rd # 400-315  
Rogers, MN 55374  
(612) 662-5488

**Missouri**

205-Bruce Thomson – St. Louis Metro  
615 1st Capitol Drive,  
Saint Charles, MO 63301  
(314) 596-7668

218 - Bruce Thomson - Saint Charles  
615 1st Capitol Drive,  
Saint Charles, MO 63301  
(314) 596-7668

269 - Bruce Thomson- West St. Louis  
615 1st Capitol Drive,  
Saint Charles, MO 63301  
(314) 596-7668

245- John and Amanda Martinez – Kansas City  
909 East Republic Road C100,  
Springfield, MO - 65807  
(833) 484-0063

248- John and Amanda Martinez - Springfield  
909 East Republic Road C100,  
Springfield, Missouri - 65807  
833) 484-0063

259- Chase and Macy Busenbark  
501 Memorial Pl,  
Farmington, MO 63640  
(573) 664-0002

**Nebraska**

258- Kevin and Amanda Kohler  
1901 Howard Street Suite 324,  
Omaha, NE 68102  
(402) 230-7003

**New Hampshire**

224- Daniel Cisz  
20 Trafalgar Square  
Suite #443,  
Nashua, NH 03063  
(603) 589-4049

**New York**

215-Gil Tatarsky  
122 Main St Suite 828,  
New Paltz, NY 12561  
(845) 400-2420

206-Greg Carafello  
One World Trade Center  
Suite 8500,  
New York, NY 10007  
(212) 220-5900

263- Peter Gregory  
169 Mamaroneck Avenue Suite 63,  
White Plains, NY 10601  
(914) 295-2203

**North Carolina**

North Carolina  
203-Scott and Christie Curtis  
301 McVullough Drive Suite 400,  
Charlotte, NC 28262  
(704) 428-9010

275-Richard Fosman - Mooresville  
353 St James Dr,  
Winston-Salem, NC 27107  
(442) 237-1017

273-Richard Fosman - Mooresville  
353 St James Dr,  
Winston-Salem, NC 27107  
(442) 237-1017

274-Richard Fosman- Greensboro  
353 St James Dr,  
Winston-Salem, NC 27107  
(442) 237-1017

278-Dale Brunelle- Raleigh  
8480 Honeycutt Road, Suite 200-V299,  
Raleigh, NC 27615  
(508) 667-3886

276-Dale Brunelle- Cary  
8480 Honeycutt Road, Suite 200-V299,  
Raleigh, NC 27615

(508) 667-3886

277-Dale Brunelle- Durham  
8480 Honeycutt Road, Suite 200-V299,  
Raleigh, NC 27615  
(508) 667-3886

**North Dakota**

254-Barry Maring  
2534 University Drive # 6  
Fargo, ND 58103  
(701) 232 4020

**Ohio**

223- Brandon and Nickey Owens  
3481 South Dixie Highway  
Suite #300,  
Middletown, OH 45044  
(513) 392-6750

242-Eric Iffland  
7621 Central Avenue,  
Toledo, OH - 43617  
(567 )408-2068

242-Franz Nunziata  
1900 Polaris Parkway Suite 450-777,  
Columbus, OH- 43240  
(740) 965-1981

**Oregon**

227-Daniel Mulligan  
3334 NE 79th Ave,  
Portland OR 97213  
(503) 550-1689

**Pennsylvania**

228-Sam Meister  
100 First Avenue  
Suite 450,  
Pittsburgh, PA 15222  
(412) 406-6281

236- Jonathan and Daniel Ring  
600 West Germantown Pike,  
Suite 400  
Plymouth Meeting, PA 19462  
(484) 326-2718

**South Carolina**

260-Daniel Ober

186 Fresh Dr,  
Myrtle Beach, SC 29579  
(605) 413-1871

**South Dakota**

244 Scott Kranz  
9605 West Broek Drive,  
Sioux Falls, SD- 57106  
(605) 413-1871

**Tennessee**

262–Russell and Sydney Carriere - Knoxville  
9111 Cross Park Drive D200,  
Knoxville, TN 37923  
(865) 255-4731

282- Russell and Sydney Carriere- Gatlinburg  
Russell and Sydney Carriere  
9111 Cross Park Drive D200,  
Knoxville, TN 37923  
(865) 255-4731

283- Russell and Sydney Carriere- Chatanooga  
9111 Cross Park Drive D200,  
Knoxville, TN 37923  
(865) 255-4731

284-Russell and Sydney Carriere- Hendersonville  
2550 Meridian Blvd, Suite 200,  
Franklin, Tennessee, 37067  
(615) 288-6886

285-Russell and Sydney Carriere - Murfreesboro  
2550 Meridian Blvd, Suite 200,  
Franklin, Tennessee, 37067  
(615) 288-6886

287-Russell and Sydney Carriere - Nashville  
2550 Meridian Blvd, Suite 200,  
Franklin, Tennessee, 37067  
(615) 288-6886

268- Russell and Sydney Carriere - Franklin  
2550 Meridian Blvd, Suite 200,  
Franklin, Tennessee, 37067  
(615) 288-6886

**Texas**

137-Timothy and Bonnie Benkula  
2925 Gulf Freeway South Ste B #277,  
League City, TX 77573  
(832) 856-7890

145-Lenwood and Katie Mills  
10777 Westheimer Road Suite 1100 001,  
Houston, TX 77042  
(713) 806-7013

249-John and Amanda Martinez  
6136 Frisco Square Boulevard Suite 400,  
Frisco, TX 75034  
(833) 484-0063

255-Browning Williams  
5847 San Felipe Street Suite 620,  
Houston, TX 77057  
(713) 595-6976

272-Leilani Felix and Fernando Acosta  
221 N Kansas St #700,  
El Paso, TX 79901  
(915) 314-0001

261-Felizardo Gaxiola  
701 Commerce Street,  
Dallas, TX- 75202  
(951) 848-6010

264-Himanshu Nidhi Neil Trivedi  
7210 N Eldridge Parkway  
Houston, TX 77041  
(346) 529-2222

270-Justin Dalton and Chris Pallagi- Austin West  
14425 Falcon Head Boulevard, Suite 115,  
Austin, TX 78738  
(737) 220-1721

279-Justin Dalton and Chris Pallagi - Austin South  
14425 Falcon Head Boulevard, Suite 115,  
Austin, TX 78738  
(737) 220-1721

280-Justin Dalton and Chris Pallagi - Austin North  
14425 Falcon Head Boulevard, Suite 115,  
Austin, TX 78738  
(737) 220-1721

271-Justin Dalton and Chris Pallagi - Austin East  
14425 Falcon Head Boulevard, Suite 115,  
Austin, TX 78738  
(737) 220-1721

**Utah**

141-Craig and Jill Smith  
802 E Bamberger Dr  
Suite A,  
American Fork, UT 84003  
(801) 319-7278

216- Phil Neuenswander  
420 West 1500 South, Suite #106,  
Bountiful, UT 84010  
(801) 513-9070

286 - Mike and Lynn Lee  
26 S. Rio Grande Street #2072,  
Salt Lake City, UT 84101  
(435) 800-4400

**Virginia**

201- Richmond  
William and Patricia Griswold  
4110 East Parham Road Suite 206,  
Henrico, VA 23228  
(804) 520-7557

200-Tim Johnson - Chesapeake  
5347 Lila Lane Suite 101,  
Virginia Beach, VA 23464  
(757) 866 2321

204- Tim Johnson-Virginia Beach  
5347 Lila Lane Suite 101,  
Virginia Beach, VA 23464  
(757) 866 2321

202-Tim Johnson- Suffolk  
5347 Lila Lane Suite 101,  
Virginia Beach, VA 23464  
(757) 866 2321

208-Tim Johnson- Norfolk  
5347 Lila Lane Suite 101,  
Virginia Beach, VA 23464  
(757) 866 2321

251-Jonathan Ring  
520 12th street south suite 339,  
Pentagon City, VA 22202  
(202) 681-6777

**Washington**

James Shin  
4500 9th Avenue Northeast Suite 300,

Seattle, WA 98105  
(844) 424-9725

**Franchise Agreements Signed But Outlet Not Yet Open (as of 12/31/2023)**

NONE.

**EXHIBIT G-2  
FORMER FRANCHISEES**

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**TRANSFERRED**

222-Mounir & Andrea Bousaid  
9375 E Shea Blvd Suite 266,  
Scottsdale, AZ - 85260  
(602) 962-0888

246 West St. Louis  
John & Amanda Martinez  
100 Chesterfield Business Pkwy# 200,  
Chesterfield, MO- 63005  
(636) 252-4113

209-Lenwood Mills\*  
2500 Regency Parkway  
Cary, NC - 27518  
(919) 651-8353

\*Our North Carolina franchisee sold 2 territories in 2023.

**NOT RENEWED OR TERMINATED**

231-Quin Rasmussen  
120 South Reserve # 110  
Missoula MT 59801  
(406) 431-6260

133-Patrick Marsch Jr and Adam Weaver  
4117 Hillsboro Pike, Suite 103-350  
Nashville, TN 37215  
(615) 450-0410

**EXHIBIT G-3**  
**COMPANY-OWNED OUTLETS**

**California**

445 Marine View Avenue, Suite 300  
Del Mar, California 92014  
(858) 598-2770

111 North Market Street,  
San Jose, CA - 95113  
(408) 572-8380

**Nevada**

851 South Rampart Blvd, Suite 200,  
Las Vegas, NV 89145.  
(702)368-2500

1 E Liberty Street Suite 600  
Reno, NV 89501  
(702)321-4280

## EXHIBIT H

### TABLES OF CONTENTS FOR MANUALS

#### Manuals

The table of contents of the operations manuals, which include sales, marketing, and business operations are as follows:

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- B. Sample e-mail to Agent for Incomplete Listing Packet
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- E. Office Codes
- F. New Listing Letter
- G. Change Order
- H. Sold Business Details
- I. Listing Changes Checklist
- J. Sold Listings Checklist

**Manual 5.0 Operating Procedures  
(40 Pages)**

- 1.0 Listing Acceptance Procedure
- 2.0 Incomplete Listing Procedure
- 3.0 Listing Input Procedure
- 4.0 Web Site Entry Procedure
- 5.0 Listing Changes Procedure
- 6.0 Pending Listing Procedure
- 7.0 Sold Listings Procedure
- 8.0 Expired Listings Procedure
- 9.0 General Business List Log and Blind Log
- 10. Miscellaneous Listing Updates

Appendices:

- A. Broker Listing Checklist
- B. Sample Email to Agent for Incomplete Listing Packet
- C. Key Codes
- D. Office Codes
- E. Approved Listing Categories
- F. Quarter Sheet for Distribution
- G. New Listing Letter
- H. Change Order
- I. Sold Business Details
- J. Red and Blue File Stacking Order

**EXHIBIT I**  
**AREA REPRESENTATIVE DISCLOSURES**

Our current area representatives, and their respective territories, are listed below. We also list their additional disclosures for Items 2, 3, and 4 of the Franchise Disclosure Document.

**Barry Maring: Area Representative for Arizona and North Dakota**

**ITEM 2. BUSINESS EXPERIENCE**

Barry Maring is the President and Chief Financial Officer for Sonmar Management in Fargo, North Dakota, a position he has had since January 2008.

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4. BANKRUPTCY**

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

**Melissa Salyer: Area Representative for Georgia**

**ITEM 2. BUSINESS EXPERIENCE**

Melissa Salyer has served as our Executive Vice President of Franchise Development in Las Vegas, Nevada since December 2021. Between December 2019 and December 2021, Ms. Salyer was Executive Vice President of Franchise Development for Loyalty, LLC in Virginia Beach, Virginia. From August 2019 to the present, Ms. Salyer has also served as the Owner of FranDiscovery in Virginia Beach, Virginia. From July 2015 to September 2019, Ms. Salyer served as Executive Vice President of Franchise Opportunities for Happy Tax Franchising, LLC in Virginia Beach, Virginia.

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4. BANKRUPTCY**

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

**Scott Curtis: Area Representative for Charlotte, North Carolina**

**ITEM 2. BUSINESS EXPERIENCE**

Scott Curtis is the Vice President for Charlotte Business Sales, Inc. in Midland, North Carolina since September 2018. Mr. Curtis is also President of LTS Carolina Inc., and has been since September 2005.

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4. BANKRUPTCY**

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

**Frank Nunziata: Area Representative for Cleveland, Dayton, and Columbus, Ohio**

**ITEM 2. BUSINESS EXPERIENCE**

Frank Nunziata is the Managing Member for Nunziata Franchise Consulting, LLC in Lewis Center, Ohio since March 2022. Mr. Nunziata is also Managing Member for Nunziata Business Brokerage, LLC in Lewis Center, Ohio since March 2022. From September 1997 to the present, Mr. Nunziata is and has been Managing Member of F.A. Nunziata and Sons, LLC in Lewis Center, Ohio.

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4. BANKRUPTCY**

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

**William Griswold: Area Representative for Virginia (except Hampton-Rhodes area)**

**ITEM 2. BUSINESS EXPERIENCE**

William Griswold is a unit-level franchisee of ours in Richmond, Virginia through his company Golden Dunes Business Brokers, a role he has had since June 25, 2018. Between September 2014 and January 2020, Mr. Griswold was President of Golden Dunes Insurance in Colonial Heights, Virginia.

**ITEM 3. LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4. BANKRUPTCY**

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

**EXHIBIT J**  
**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:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	May 23, 2024
Illinois	April 9, 2024
Indiana	June 3, 2024
Maryland	Pending
Michigan	April 23, 2024
Minnesota	Pending
New York	Pending
North Dakota	May 7, 2024
South Dakota	April 5, 2024
Rhode Island	March 27, 2024
Virginia	Pending
Washington	Pending
Wisconsin	April 5, 2024

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

**EXHIBIT K**  
**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 First Choice Business Brokers, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If First Choice Business Brokers, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit C.

The franchisor is First Choice Business Brokers, Inc., located at 851 South Rampart Blvd., Ste. 200, Las Vegas, NV 89145. Its telephone number is (702) 368-2500.

Issuance Date: March 27, 2024

The Franchise Seller for this offering is:

- Jeffrey D. Nyman, 851 South Rampart Blvd., Ste. 200, Las Vegas, NV 89145; (702) 368-2500
- Melissa Salyer, 851 South Rampart Blvd., Suite 200 Las Vegas, NV 89145 (702) 368-2500

We authorize the respective state agencies identified on Exhibit C to receive service of process for us in the particular state.

I have received a disclosure document dated March 27, 2024 that included the following Exhibits:

Exhibit A. Franchise Agreement

- Schedule 1 –Area of Operations and Approved Location
- Schedule 2 – Guaranty, Indemnification, and Acknowledgement
- Schedule 3 – Computer System User License Agreement
- Schedule 4 – Assignment of Telephone Numbers, Internet Addresses, and Social Media Identities
- Schedule 5 – Confidentiality and Non-Competition Agreement
- Schedule 6 – Statement of Ownership
- Schedule 7 - ACH Authorization
- Schedule 8 - Franchisee Compliance Certification
- Schedule 9 - State Addenda to the Franchise Agreement

Exhibit B. Non-Disclosure Agreement

Exhibit C. State Administrators/Agents for Service of Process

Exhibit D. General Release

- Exhibit E. Financial Statements
- Exhibit F. State Addenda to The Disclosure Document
- Exhibit G-1. List of Current Franchisees
- Exhibit G-2. Former Franchisees
- Exhibit H. Tables of Contents of Manuals
- Exhibit I. Area Representative Disclosures
- Exhibit J. State Effective Dates
- Exhibit K. Receipts

\_\_\_\_\_

Date

\_\_\_\_\_

Signature

\_\_\_\_\_

Printed Name

**Please sign, date, and retain this copy for your records.**

## RECEIPT

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

If First Choice Business Brokers, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If First Choice Business Brokers, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit C.

The franchisor is First Choice Business Brokers, Inc., located at 851 South Rampart Blvd., Ste. 200, Las Vegas, NV 89145. Its telephone number is (702) 368-2500.

Issuance Date: March 27, 2024

The Franchise Seller for this offering is:

- Jeffrey D. Nyman, 851 South Rampart Blvd., Ste. 200, Las Vegas, NV 89145; (702) 368-2500
- Melissa Salyer, 851 South Rampart Blvd., Suite 200 Las Vegas, NV 89145 (702) 368-2500

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- Schedule 8 - Franchisee Compliance Certification
- Schedule 9 - State Addenda to the Franchise Agreement

### Exhibit B. Non-Disclosure Agreement

Exhibit C. State Administrators/Agents for Service of Process

Exhibit D. General Release

Exhibit E. Financial Statements

- Exhibit E. Financial Statements
- Exhibit F. State Addenda to The Disclosure Document
- Exhibit G-1. List of Current Franchisees
- Exhibit G-2. Former Franchisees
- Exhibit H. Tables of Contents of Manuals
- Exhibit I. Area Representative Disclosures
- Exhibit J. State Effective Dates
- Exhibit K. Receipts

\_\_\_\_\_

Date

\_\_\_\_\_

Signature

\_\_\_\_\_

Printed Name

**Please sign, date, and return this copy to First Choice Business Brokers, Inc., 851 South Rampart Blvd., Ste. 200, Las Vegas, NV 89145.**  
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