

FRANCHISE DISCLOSURE DOCUMENT



BERKSHIRE HATHAWAY

HomeServices

BHH AFFILIATES, LLC

a Delaware limited liability company
18500 Von Karman Avenue, Suite 400
Irvine, California 92612
(949) 794-7900

info@berkshirehathawayhs.com
www.berkshirehathawayhs.com

The franchisee will establish and operate a Berkshire Hathaway HomeServices® residential real estate brokerage business. The business will be operated from an office or offices, under an existing real estate broker's credentials, and the franchisee will promote and support customer acquisition, a professional referral system, and advertising and public relations for its real estate sales associates.

The total investment necessary to begin operation of a Berkshire Hathaway HomeServices franchise ranges from \$43,260 to \$88,135. This includes \$25,000 for a franchisee's first office in a market area. Each additional location is \$2,500 and each restricted purpose location is \$1,000 in that market area and must be paid to the franchisor or affiliate.

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

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

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 the Network Support Department at 18500 Von Karman Avenue, Suite 400, Irvine, CA 92612 and (949) 794-7900.

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

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

Issuance Date: May 1, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state administrator listed in Exhibit D for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you renew your franchise relationship:

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION IN ORANGE COUNTY, CALIFORNIA. OUT-OF-STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 3. THE FRANCHISE AGREEMENT REQUIRES BOTH YOU AND US TO WAIVE TRIAL BY JURY.**
- 4. THE FRANCHISE AGREEMENT MAY REQUIRE SPOUSES OF FRANCHISE OWNERS TO SIGN A PERSONAL GUARANTY PLACING THEIR PERSONAL AND MARITAL ASSETS AT RISK.**
- 5. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.**

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

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

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| | |
|---------------|-----------------------|
| Hawaii: | Pending |
| Illinois: | Exempt |
| Indiana: | Pending |
| Maryland: | Pending |
| Michigan: | March 17, 2017 |
| Minnesota: | Pending |
| New York: | Pending |
| North Dakota: | Pending |
| Rhode Island: | Pending |
| South Dakota: | Pending |
| Virginia: | Pending |
| Washington: | Pending |
| Wisconsin: | Pending |

**ADDENDUM TO THE BHH AFFILIATES, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN**

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.

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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

Any questions regarding this Notice shall be directed to the Office of the Attorney General, Consumer Protection Division, P.O. Box 30213, Lansing, Michigan 48909 and (517) 373-1140.

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EXHIBITS

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is BHH Affiliates, LLC (“BHHS”), a limited liability company established on November 14, 2012, under the laws of the State of Delaware. To simplify the language in this disclosure document, the franchisor is referred to as “we,” “us,” “our” or “BHHS”. These shorthand terms do not include corporate officers, employees, directors, managers or members of BHHS, but may include subsidiaries and affiliates when referring to activities undertaken and performed by BHHS or such related entities generally. We will refer to the person or entity that is considering the purchase of the franchise as “you”. If you are a corporation, partnership or limited liability company, some provisions of the franchise agreement also will apply to certain shareholders, general partners and members.

Our principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. Our agents for service of process in selected states are listed at Exhibit E to this disclosure document.

Our Business

We franchise the right to use the *Berkshire Hathaway HomeServices* name and the System (defined below) in the operation of a residential real estate brokerage business (a “BHHS Brokerage”). We began offering franchises as of March 8, 2013. We conduct business under the name *Berkshire Hathaway HomeServices*. We may use the words “Berkshire Hathaway HomeServices Network” to describe our franchise system and network of franchisees.

The Berkshire Hathaway HomeServices franchise includes the right to use the “Berkshire Hathaway HomeServices” service mark and other trademarks as well as our training programs and materials, advertising, marketing, and promotional programs (together, the “System”).

If your application to become a franchisee is approved, we will enter into a franchise agreement with you for the establishment and operation of a BHHS Brokerage under our name, marks, and System (a “Franchise Agreement”). Your BHHS Brokerage will be operated at a specific location (“Location”), and we permit you to operate Additional Locations and Restricted Purpose Locations that we approve and that will be set out in the Franchise Agreement. The term “Additional Location” includes office premises other than your initial BHHS Brokerage office, from which you operate your BHHS Brokerage, regardless of the size or the number of employees, real estate brokers, salespersons or sales agents that are located at the premises. The term “Restricted Purpose Location” includes only subdivision sales offices, administrative offices, service centers and information kiosks.

Unless we enter into a written amendment to modify the Franchise Agreement, you will not have a protected territory. Some of the factors we will consider before granting a protected territory include your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

As part of the System, franchisees may apply to BGRS (formerly Brookfield Global Relocation Services) to become a designated vendor of BGRS. BGRS' principal address is 150 Harvester Drive, Suite 201, Burr Ridge, IL 60527. BGRS makes relocation customer referrals to brokers in designated communities, which BGRS calls Effective Service Areas. Effective Service Areas are determined by BGRS, in its own discretion. Effective Service Areas are non-exclusive and may be changed by BGRS at any time and for any reason, including the addition of new Berkshire Hathaway HomeServices franchisees in an Effective Service Area.

BGRS is an indirect subsidiary of Brookfield Asset Management Inc., which also owns an indirect interest in our parent company, HSF Affiliates LLC. Although BHHS does not own or control BGRS, our parent company, HSF Affiliates LLC, has an agreement with BGRS that provides our franchisees with the opportunity to apply directly with BGRS to become a designated vendor. If you wish to apply with BGRS to become a designated vendor, BGRS will consider and assess your independent service standards, your ability to provide adequate services within a specific area, the number of brokers available to provide services in a specific area, and BGRS' own corporate client demands. If BGRS appoints you to be a designated vendor, neither we nor BGRS guarantee that you will receive referrals for business from BGRS.

Entering into a Franchise Agreement with us will not prevent you from joining, belonging to, or affiliating with other organizations that operate relocation marketing networks or third party home purchase programs that are similar to or in competition with BGRS.

All franchised BHHS brokerages are part of a single system and we will perform all of our Franchise Agreement obligations. We do not have any predecessors. We do not operate Berkshire Hathaway HomeServices real estate brokerages ourselves, nor do we conduct any other business activities or offer franchises in any other line of business.

Berkshire Hathaway HomeServices - Its Parent Company and Affiliates

Our parent company is HSF Affiliates LLC ("HSF"). Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. A majority of the outstanding ownership interests of HSF are held by HS Franchise Holding, LLC. HS Franchise Holding, LLC is a wholly-owned subsidiary of HomeServices of America, Inc. The principal business address for each of HS Franchise Holding, LLC and HomeServices of America, Inc. is 333 South Seventh Street, 27th Floor, Minneapolis, Minnesota 55402.

HomeServices of America, Inc. is a wholly-owned subsidiary of Berkshire Hathaway Energy Company. Its principal business address is 666 Grand Avenue, Suite 500, Des Moines, Iowa 50309.

The remaining minority interests in our parent company, HSF, are held by an indirect subsidiary of Brookfield Asset Management Inc. ("BAM"). BAM's principal business address is Brookfield Place, Suite 300, 181 Bay Street, Toronto, Ontario, Canada M5J 2T3.

HSF was formed as a joint venture of the indirect subsidiaries of HomeServices of America, Inc. and BAM.

We have several affiliates. BRER Affiliates LLC (formerly known as Prudential Real Estate Affiliates, Inc.) (“PREA”), is an affiliate that has operated the “Prudential Real Estate” franchise system since February 2004. PREA does not currently offer, nor did it previously offer, franchises in any other line of business. PREA is a Delaware limited liability company whose principal place of business is 18500 Von Karman, Suite 400, Irvine, CA 92612.

Real Living Real Estate, LLC (“RLRE”), our affiliate, has operated the “Real Living Real Estate” real estate brokerage franchise system since November 2009. From March 2000 until November 2009, RLRE offered franchises to operate under the name GMAC Real Estate. RLRE previously operated real estate brokerage businesses in select markets, but it stopped doing so as of December 31, 2009. RLRE does not currently offer, nor did it previously offer, franchises in any other line of business. RLRE is a Delaware limited liability company whose principal place of business is 18500 Von Karman, Suite 400, Irvine, CA 92612.

Reece & Nichols Alliance, Inc. (“RNA”), our affiliate, is the franchising subsidiary operation of Reece & Nichols Realtors, Inc. and offers franchises in the States of Kansas and Missouri. RNA began offering franchises in 2001. Its predecessor, J.C. Nichols Residential Alliance, Inc., began offering franchises in 1993. RNA does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 11601 Granada Lane, Leawood, Kansas 66211.

Roy H. Long Realty Company, Inc. (“LRC”), our affiliate, has operated the “Long Realty” real estate brokerage franchise system since 1997. LRC does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 900 E. River Road, Suite 100, Tucson, Arizona 85718.

Iowa Realty Co., Inc. (“IRC”), our affiliate, has operated the “Iowa Realty” real estate brokerage franchise system since August 1972. IRC does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 3501 Westown Parkway, West Des Moines, Iowa 50266.

Intero Franchise Services, Inc. is the franchising affiliate of Interio Real Estate Services, Inc., and franchises real estate brokerages using the “Interio Real Estate” and “Interio Resorts” service marks. Interio Franchise Services, Inc. has offered franchises since June 2007. Its principal business address is 10275 North DeAnza Blvd., Cupertino, California 95014.

As of the date of this disclosure document, certain subsidiaries of our affiliate, HomeServices of America, Inc., operate twelve (12) BHHS Brokerages, with others that may follow. Other than the affiliates disclosed above, we do not have any parents or affiliates that offer franchises in this or any other line of business that are required to be disclosed in this disclosure document.

Industry-Specific Regulations

There are specific state and federal laws and standards that regulate the real estate industry. See Exhibit H for a list of state laws. All states have laws that regulate real estate operations and that require real estate brokers and their salespersons or sales agents to hold state licenses. These laws and standards vary from state to state and could affect your BHHS Brokerage.

You may also be required to comply with local laws and regulations and you may need to obtain other general or specific licenses to operate your BHHS Brokerage. These may include laws affecting the terms of your real estate and employment agreements and that require you to obtain a business or similar license. In addition, most states require every person who actively participates in the real estate activities of your BHHS Brokerage, and every employee or independent contractor who acts as a salesperson or sales agent, to hold a valid real estate license. Your BHHS Brokerage will also be subject to the federal Real Estate Settlement Procedures Act of 1974 (commonly known as RESPA) and the Fair Housing Act.

You should consult with your attorney to learn more about specific state and federal laws applicable to your BHHS Brokerage. You will be required to comply with all applicable laws at your own expense.

Competition

You will operate in a well-developed and highly-competitive marketplace. Your competitors include other residential real estate companies including other national and international real estate company networks. The market for your services will depend on the number of active buyers and sellers in your area, the condition of the market and the number of other established real estate companies in your area.

ITEM 2

BUSINESS EXPERIENCE

Berkshire Hathaway HomeServices

Eugene “Gino” A. Blefari – Chief Executive Officer

In April 2017, Mr. Blefari assumed the role of President of BHHS, in addition to the roles of Chief Executive Officer of BHHS and our parent company, HSF, which he has held since January, 2015. From June 2014 to December 2014, Mr. Blefari served as a Senior Vice President of HSF in Irvine, California. Previously, Mr. Blefari was the founder of Intero Real Estate Services, Inc., located in Cupertino, California, and served as that company’s President and Chief Executive Officer from October 2002 to May 2014.

Brian Peterson – Senior Vice President and Chief Financial Officer

Mr. Peterson was named Senior Vice President and Chief Financial Officer in October 2012. He is located in Irvine, California. From August 2010 to October 2012, Mr. Peterson served as Senior Vice President of Brookfield Real Estate Services. From November 2008 to October 2012 he was Senior Vice President of Real Living Real Estate, LLC, and from December 2011 to October 2012 he was also a member of its Board of Directors. From February 2005 to October 2012 he was Senior Vice President of BRPS, LLC (formerly known as GMAC Home Services, LLC), located in Oak Brook, Illinois.

Chris Stuart – Senior Vice President, Business Development and Operations

In April 2017, Chris Stuart was appointed as Senior Vice President, Business Development and Operations for our parent company, HSF. From January 2017 to April 2017, Mr. Stuart served as Senior Vice President, Franchise Sales, for both BHHS and Real Living Real Estate. Mr. Stuart has an office in Irvine, CA. Previously; Mr. Stuart served as Vice President, Franchise Sales for both BHHS and Real Living Real Estate from March, 1, 2016 to December 31, 2016. From March 2015 to February 2016, Mr. Stuart was Director – Franchise Sales. From January, 2009 to February 2015 Mr. Stuart was Executive Vice President and Managing Director – Real Estate Services for Intero Real Estate Services, Inc., located in Cupertino, California.

Keith M. Smith –Vice President, Franchise Sales

Mr. Smith was appointed Vice President –Franchise Sales in October 2012. He is based in Irvine, California. From December 2008 to October 2012, Mr. Smith served as Senior Vice President – Business Development for PREA.

Patricia M. Mansur-Brown – Vice President and General Counsel

Ms. Mansur-Brown has served as a Vice President and General Counsel since October 2012. Ms. Mansur-Brown has been a Vice President and General Counsel of PREA since October 2012. Prior to that, she was a Vice President and Corporate Counsel of PREA since October

2001. She has also served as a Vice President and General Counsel of RLRE since October 2012. Prior to that, she was a Vice President and Corporate Counsel of RLRE since December 2011. Ms. Mansur-Brown is based in Irvine, California.

David S. Beard – Vice President and Corporate Counsel

Mr. Beard has served as a Vice President and Corporate Counsel since October 2012. He is located in our Irvine, California offices. Mr. Beard has been a Vice President and Corporate Counsel of PREA since September 2004. He has also served as a Vice President and Corporate Counsel of RLRE since December 2011.

Rosalie Warner – Vice President, Network Services

Ms. Warner has served as the Vice President of Network Services for both BHHS and Real Living Real Estate since August, 2015. Ms. Warner has served as the President of PREA since January, 2015. Ms. Warner has an office in Irvine, California. Ms. Warner was Director of Franchise Sales from May 2011 to December 2014. She was the Vice President and Director of Network Services for PREA from May 2008 to May 2011.

Operating Committee of HSF

Ronald J. Peltier – Member of the Operating Committee of HSF

Mr. Peltier was named a member of the Operating Committee of HSF in October 2012. Mr. Peltier currently serves as chairman and chief executive officer of HomeServices of America, Inc., located in Minneapolis, Minnesota. Mr. Peltier has served in that capacity since May 1998.

Robert R. Moline – Member of the Operating Committee of HSF

Mr. Moline was named a member of the Operating Committee of HSF in October 2012. Mr. Moline currently serves as president and chief operating officer of HomeServices of America, Inc., located in Minneapolis, Minnesota. Mr. Moline has served in that capacity since March 2008.

David Lacey – Member of the Operating Committee of HSF

Mr. Lacey was named a member of the Operating Committee of HSF Affiliates, LLC in October 2012. In April 2017, Mr. Lacey was named President & CEO of Waterloo Managed Software Services Ltd., in Waterloo, Ontario, Canada. From January 2013 until April 2017, Mr. Lacey served as the Chief Executive Officer of Brookfield RPS in Toronto, Ontario, Canada. From January 2007 through December 2012, Mr. Lacey served as Managing Partner, Corporate Development, for Brookfield RPS Limited and its predecessors, located in Toronto, Ontario, Canada.

Mark Weinberg – Member of the Operating Committee of HSF

Mr. Weinberg has been a member of the Operating Committee of HSF since October 2012. Mr. Weinberg has been a Senior Vice President of Brookfield Asset Management Inc. in New York City, New York since May 2006.

Michael D. Warmka – Member of the Operating Committee and Vice President of HSF

Mr. Warmka was named Vice President of HSF and became a member of the Operating Committee of HSF in October 2012. In January 2014, Mr. Warmka was named Senior Vice President and Chief Financial Officer of HomeServices of America, Inc., located in Minneapolis, Minnesota. From April 2004 to December 2013, Mr. Warmka was the Senior Vice President and Chief Accounting Officer of HomeServices of America, Inc.

Dana D. Strandmo – Member of the Operating Committee and Secretary of HSF

Mr. Strandmo was named Secretary of HSF and became a member of the Operating Committee of HSF in October 2012. Mr. Strandmo was named the Senior Vice President and Chief Administrative Officer of HomeServices of America, Inc., located in Minneapolis, Minnesota, in May 2015. From September 2003 to April 2015, Mr. Strandmo was the Senior Vice President, Legal and General Counsel of HomeServices of America, Inc.

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

Franchisees pay an initial franchisee fee of \$25,000 for their first BHHS Brokerage location, \$2,500 for each Additional Location and \$1,000 for each Restricted Purpose Location.

The term “Additional Location” includes office premises other than your initial BHHS Brokerage office, from which you operate your BHHS Brokerage, regardless of the size or the number of employees, real estate brokers, salespersons or sales agents that are located at the premises. The term “Restricted Purpose Location” includes only subdivision sales offices, administrative offices, service centers and information kiosks.

The initial franchise fee is paid in full when you sign the Franchise Agreement. All initial franchise fees are nonrefundable. If you are converting your existing franchised Prudential Real Estate brokerage to a BHHS Brokerage, we will waive the initial franchise fee. In certain circumstances we permit new franchisees to finance the initial franchise fee with us. See Item 10.

ITEM 6

OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|-----------------------------------|--|---|----------------|
| Continuing Royalty | Declining percentage of Gross Revenue or, after your first year of operations, the greater of the stated percentage of Gross Revenue or \$15,000 | On the business day after Gross Revenue must be reported Gross Revenue must be reported within 7 days after the closing of every transaction | See Note 1 |
| Marketing Fee | Declining percentage of Gross Revenue, with a monthly minimum of \$500 | Monthly, in arrears on the 1 st of the month | See Note 2 |
| Referral Fee | \$750 to \$7,500 | Varies | See Note 3 |
| Additional Location Fee | \$2,500 | Upon opening any Additional Locations | See Note 4 |
| Restricted Purpose Location Fee | \$1,000 | Upon opening any Restricted Purpose Locations | See Note 5 |
| Sales Convention Registration Fee | \$569 to \$600 | Periodically | See Note 6 |
| Examination Fee | All costs incurred by us in connection with the cancellation, by you, of an examination of your books and records or a finding of an understatement of Gross Revenue | Upon receipt of invoice from us | See Note 7 |
| Indemnification | Will vary based on circumstances | As incurred | See Note 8 |
| Attorney's Fees | Will vary based on circumstances | As incurred | See Note 9 |

| Type of Fee | Amount | Due Date | Remarks |
|--|--|--|----------------|
| Fees connected with cure of defaults | Costs incurred if we cure a default for you | When cured | ----- |
| Late Fee | 12.5% per annum or the highest rate permitted by law, whichever is lower | When incurred | ----- |
| Transfer Fee | \$5,000 | Upon request to transfer your franchise | See Note 10 |
| Transfer Fee (with public offering) | \$10,000 plus reimbursement of all of our expenses including legal fees | Upon request to transfer your franchise with a public offering | See Note 10 |
| Optional: Orion Commercial Real Estate Subscription Fee | \$3,000 per year payable to a third party vendor | After the first year of the Franchise Agreement | See Note 11 |

Unless otherwise noted, all fees are nonrefundable and are uniformly imposed by and payable to us. We have the right to adjust any fees at any time but will not adjust the Continuing Royalty, Marketing Fee, Referral Fee, or Transfer Fee more than once during any calendar year, if at all.

Notes:

1. Gross Revenue means all money or things of value received or receivable ("receivable" means earned but not yet received) directly or indirectly by you constituting payment for or on account of the BHHS Brokerage, including but not limited to, commissions, Referral Fees or other things of value, without deducting your costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to your salespersons or employees. Gross Revenue does not include money or things of value received or receivable solely for residential property management activities.

Revenue from residential property management activities, BHHS authorized mortgage origination services or other real estate related businesses is not considered part of your Gross Revenue for purposes of calculating your Continuing Royalty obligation. Residential property management activities include managing residential real estate in exchange for a fee, commission or other compensation but do not include leasing (for longer than 60 days) or selling real estate.

For purposes of calculating your Continuing Royalty obligations, your Gross Revenue is reset to \$0.00 on each anniversary date of your Franchise Agreement.

Below is the schedule of declining Continuing Royalty percentages. The Continuing Royalty percentage decreases as the Gross Revenue from your BHHS Brokerage increases.

| Gross Revenue Greater Than | Gross Revenue Up To | *Continuing Royalty |
|-------------------------------|------------------------|---------------------|
| \$ 0 | \$ 1,650,000 | 6.00% |
| 1,650,000 | 3,000,000 | 5.50% |
| 3,000,000 | 5,000,000 | 4.50% |
| 5,000,000 | 7,500,000 | 4.00% |
| 7,500,000 | 10,000,000 | 3.75% |
| 10,000,000 | 15,000,000 | 3.50% |
| 15,000,000 | 20,000,000 | 3.00% |
| 20,000,000 | 25,000,000 | 2.75% |
| 25,000,000 | 50,000,000 | 2.50% |
| 50,000,000 | 100,000,000 | 2.25% |
| 100,000,000 | and greater | 2.00% |

Example: If your Gross Revenue during any year is \$2,150,000, then you would be obligated to pay 6.00% on the first \$1,650,000 of Gross Revenue (or \$99,000) and 5.50% on the remaining \$500,000 of Gross Revenue (or \$27,500), for a total Continuing Royalty of \$126,500.

If the sum of your Continuing Royalty payments for any year after your first year of operations is less than \$15,000, then you will be obligated to pay the alternative minimum Continuing Royalty of \$15,000 for that year.

*In certain circumstances, we may agree to Continuing Royalty percentages that are lower than the percentages disclosed in this Item 6. For example, we may agree to a fixed Continuing Royalty irrespective of your Gross Revenue, or we may agree to adjust the Continuing Royalty percentages upon incremental increases of Gross Revenue that are different than the increments disclosed in this Item 6. Some of the factors we will consider include your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

2. You are required to pay a monthly Marketing Fee equal to a percentage of your Gross Revenue, as shown in the following table, with a monthly minimum of \$500:

| Gross Revenues From | Gross Revenue To | Marketing Fee |
|------------------------|---------------------|------------------|
| \$0 | \$1,000,000 | 1.00% |
| \$1,000,000 | \$5,000,000 | 0.75% |
| \$5,000,000 | \$10,000,000 | 0.50% |
| \$10,000,000 | \$100,000,000 | 0.25% |
| \$100,000,000 | and greater | 0.15% |

BHHS may periodically adjust the Marketing Fee to reflect changes in the consumer price index. Marketing Fees are the property of BHHS and may be deposited in its general operating account.

*In certain circumstances, we may agree to Marketing Fee percentages that are lower than the percentages disclosed in this Item 6. For example, we may agree to a fixed or capped Marketing Fee irrespective of your Gross Revenue, or we may agree to adjust the Marketing Fee percentages upon incremental increases of Gross Revenue that are different than the increments disclosed in

this Item 6. Some of the factors we will consider include your BHHS Brokerage's geographic location, your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

3. You must pay us an ongoing annual Referral Fee of \$35 per full-time sales associate (or equivalent) with a minimum annual payment of \$750 and a maximum annual payment of \$7,500.
4. For purposes of this disclosure document, the term "Additional Locations" include office premises other than your initial BHHS Brokerage office, from which you operate your BHHS Brokerage, regardless of the size or the number of employees, real estate brokers or salespersons or sales agents that are located at the premises.
5. You must pay this fee to open the following after the effective date of your Franchise Agreement: (a) an office used for purely administrative purposes and for the housing of relocation administration personnel only; (b) a temporary tract sales office in a new homes subdivision or development to sell property in that subdivision or development; (c) an information kiosk; or (d) a facility located away from your approved Location(s) that is set up for the convenience of sales professionals only and not to conduct day in day out business with clients. These are each considered a restricted purpose location.
6. You must pay one separate registration fee for your initial Location and each Additional Location.
7. If Gross Revenues are understated by 2% or more, or your financial statements require substantial auditing work by us or our designees, you must pay for the cost of our audit.
8. You must reimburse us if we are held liable for claims arising from the operations of your BHHS Brokerage.
9. You must pay our attorney's fees upon entry of judgment if we prevail in an action for enforcement of indemnification, enforcement of the Franchise Agreement or protection of the System.
10. You must pay this fee when you submit a request for certain transfers. It is non-refundable. You must pay us \$5,000 together with any request for our permission to assign your Franchise Agreement, to transfer 10% or more of the ownership interest of your franchised business, or to implement a change of control of your franchised business. You must pay us a \$10,000 fee if a proposed transfer of an ownership interest in your franchised business requires registration under any federal or state securities law. See Item 17.
11. In order to avail yourself of additional services not provided by us under the Franchise Agreement, you may, at your option, wish to enter into a Subscription Agreement with ORION Commercial Services, LLC ("ORION"). We have entered into service provider agreement with ORION under which ORION, among other things, hosts and maintains a website for the benefit of BHHS franchisees who conduct commercial real estate brokerage services. Pursuant to a Subscription Agreement, which you would enter into with ORION, for an annual fee, ORION will provide certain commercial real estate brokerage training, technology and consulting services. A copy of Orion's current Subscription Agreement is attached hereto at the end of Exhibit A – The Franchise Agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|--|---|--------------------------|---|--|
| Franchise Fee | \$25,000 plus \$2,500 for each Additional Location | Lump sum | Upon signing of Franchise Agreement | BHHS |
| Sales Professional Orientation | Hotel meeting room rental \$100 to \$500 | Lump sum | As arranged by you | Local vendor |
| Exterior Signs | Replacement faces \$1,000 to \$2,000 Complete new signs \$5,000 to \$20,000 | As arranged by you | As required by supplier | Local vendor, using brand approved specifications. |
| Stationery and Related Supplies | \$2,000 to \$5,000 | As arranged by you | As required by supplier | Approved suppliers |
| Yard Signs | \$5,000 to \$10,000 | As arranged by you | As required by supplier | Approved suppliers |
| Grand Opening Advertising | \$5,000 | As arranged by you | As required by supplier | Local media suppliers |
| Computer Hardware | \$1,000 to \$4,000 | As arranged by you | Within 120 days after opening | Local suppliers |
| Approved Broker Management System (computer software) | \$3,000 to \$5,000 | Lump sum | Within 120 days after opening | Approved suppliers |
| Approved Software Support Expenses | \$100 to \$1,000 Software support may be acquired on a per call basis or as a monthly or annual service subscription | As arranged by you | Monthly, annually or per call, depending on the selected support plan | Approved suppliers |

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|--|--|----------------------------------|-------------------------------|--|
| High Speed Data Grade Communication Lines if required | \$20 to \$50 | Monthly | Within 120 days after opening | Local suppliers |
| Internet Access | \$10 to \$60 | Monthly | Within 120 days after opening | Local supplier or internet service provider |
| Real Property, whether Purchased or Leased (See Note 1) | \$0 to \$6,000 | Varies | Varies | Seller, landlord and/or contractors, as applicable |
| Furniture, Fixtures & Equipment (See Note 2) | \$0 to \$5,000 | Varies | Varies | Contractors, suppliers |
| Business Insurance (See Note 3) | In excess of \$1,000 in most cases | Lump sum | As required by insurers | Insurance company of your choice |
| Agent Commissions | Prevailing commissions in your geographical area | Your prevailing payroll practice | After close of sale | Sales professionals |
| Additional Funds – 3 Months (See Note 2) | \$30 to \$525 | As incurred | As incurred | Third parties |
| TOTAL | \$43,260 to \$88,135 | | | |

We based these estimates on a 20-agent, single-office real estate brokerage undergoing a conversion to our System. Conversion involves matters of taste and judgment on your part,

reflecting your market and sales professionals. Real estate brokerage companies vary greatly in size, style and type so your expenses may vary from those estimated above.

The estimates provided in this Item are for the period beginning with the date when we sign the Franchise Agreement and continuing through the first 3 months after you begin operations. If you are operating an existing real estate business, or have experience in the real estate brokerage industry, you may be in a better position to estimate some or all of these expenses.

Your actual expenses will depend on a variety of factors including your management skill, prior experience and business acumen, local economic conditions, competition, and other factors. You should review the figures in the above tables carefully with a business advisor before making any decision to purchase the franchise. All payments listed in this Item that are made to us are nonrefundable. Unless you make a different arrangement, you should assume that payments that are required to be made to other parties listed in this Item are also nonrefundable.

Except as described in Item 10, we do not finance any part of your initial investment.

Notes:

Note 1: The low estimate assumes that you are already an established and licensed real estate broker with at least one existing office that has been approved by us.

Note 2: Except for appropriate signage, compliance with our appearance standards, and the approved broker management system (computer software), BHHS does not require specific equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements or décor; nor is there any initial requirement as to inventory, security deposits, other prepaid expenses or additional working capital needed to begin operations. We have the right to require you to refurbish your offices before commencing operations. BHHS is unable to estimate the cost of refurbishment since it will depend on the condition of your existing offices.

Note 3: You must, at your expense, obtain and keep in full force, certain insurance coverage. Present requirements are: commercial general liability of at least \$1,000,000 combined single limit bodily injury and property damage liability; automobile liability and physical damage insurance (if your company has company cars) of at least \$1,000,000 combined single limit bodily injury and property damage liability and comprehensive and collision coverage with deductibles reasonably satisfactory to BHHS; worker's compensation and employer's liability insurance, if required by your state law, with employer's liability with at least a \$100,000 limit per employee; and real estate agent's errors and omissions insurance of at least \$1,000,000. Larger companies should obtain increased coverage consistent with other companies of similar size in the industry in their geographic area. Very large companies should obtain commercial general liability, combined single limit bodily injury and property damage liability; automobile liability and physical damage insurance, and errors and omissions insurance coverage of at least \$5,000,000 in each case. Insurance requirements may change at any time.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Within 120 days of the effective date of your Franchise Agreement, you will have to acquire an approved broker management system, which is a software program designed for use in a real estate office to record, track, monitor and report transactions, maintain accurate sales associate roster and provide some form of office accounting and bookkeeping or an interface to a separate accounting or bookkeeping application. You must purchase the approved broker management system from our approved third-party supplier.

You have no other obligation to purchase or lease other goods, services, supplies, fixtures, equipment, inventory, computer hardware or software from us or designated suppliers. However, certain of the goods and services that you will purchase must comply with our standards. Specifically, your marketing materials (including, but not limited to, yard signs, stationery and business cards), must comply with our identity standards contained in our Operations Manual and Brand Guidelines. We reserve the right to modify these manuals from time to time.

We have no purchasing arrangements or distribution cooperatives that assist our franchisees in buying or leasing goods or services to establish or operate their franchise business, we do not customarily negotiate purchase arrangements with suppliers for the benefit of our franchisees, and neither we nor our affiliates derive revenue or other material consideration from required purchases or leases by franchisees. We do not provide material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase or lease of particular products or services or use of particular suppliers. Neither we nor our affiliates are currently an approved supplier of goods or services.

Because most franchisees are already established businesses at the time they join our System, vary significantly in size and number of sales professionals, and the actual number of referrals received cannot be estimated, a meaningful estimate of the percentage of required purchases to total purchases cannot be made. Required purchases generally constitute less than 5% of a franchisee's total initial investment in the BHHS franchise and of a franchisee's expected operating expenses for a 20-agent, single-office BHHS brokerage.

At this time, no officer of BHHS owns an interest in any required, recommended or approved supplier.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

| | <u>Obligation</u> | <u>Section in Agreement</u> | <u>Disclosure Document Item</u> |
|----|---|------------------------------------|---------------------------------|
| a. | Site selection and acquisition/lease | Sections 4.01 & 4.03 | Item 11 |
| b. | Pre-opening purchase/leases | Section 9 | Items 7 & 8 |
| c. | Site development and other pre-opening requirements | Sections 4.01, 8.01, 8.03 and 9.02 | Item 11 |
| d. | Initial and ongoing training | Section 8 | Items 6 & 11 |
| e. | Opening | Not applicable | Item 11 |
| f. | Fees | Sections 4, 5, 6, 10 & 15 | Item 5, 6 & 7 |
| g. | Compliance with standards and policies/operating manual | Section 7 & 9 | Items 6, 8, 13, 14, 16 & 17 |
| h. | Trademarks and proprietary information | Section 7 | Items 13 & 14 |
| i. | Restrictions on products/services offered | Sections 3, 9 & 10 | Items 8 & 16 |
| j. | Warranty and customer service requirements | Not Applicable | Not Applicable |
| k. | Territorial development and sales quotas | Not Applicable | Item 12 |
| l. | Ongoing product/service purchases | Sections 3, 5 & 9 | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | Section 1 | Item 7 (Footnote 1) |
| n. | Insurance | Sections 3 & 9 | Item 7 |
| o. | Advertising | Section 5 | Items 6 & 11 (Footnote 5) |
| p. | Indemnification | Sections 7, 10, 13 & 14 | Item 6 |
| q. | Owner's participation/management/staffing | Sections 9 & 10 | Item 15 |
| r. | Records and reports | Section 9 | Items 6 & 8 |
| s. | Inspections and audits | Section 9 | Items 6 & 11 |
| t. | Transfer | Sections 2 & 10 | Items 6 & 17 |
| u. | Renewal | Section 6.02 | Items 8 & 17 |
| v. | Post-termination obligations | Section 13 | Item 17 |
| w. | Non-competition covenants | Section 9 | Item 17 |

| | <u>Obligation</u> | <u>Section in Agreement</u> | <u>Disclosure Document Item</u> |
|-----|---|--|--|
| x. | Dispute resolution | Section 12 | Item 17 |
| y. | Other: Office Manager | Section 9 | Item 15 |
| z. | Other: Approved Broker Management System | Section 9 | Item 6 & 8 |
| aa. | Other: Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee | Pages 57 and 58 of the Franchise Agreement | Item 22 |
| bb. | Other: Additional Location Addendum and Additional Restricted Purpose Location Addendum | Not applicable | Item 22 |

Notes:

1. Each individual owner of more than 10% (directly or indirectly) of a franchisee that is an entity (and the individual's spouse) must sign a Nondisclosure, Noncompetition, Nontransfer Covenant & Personal Guarantee, assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement, an acknowledgement of the assignability of the franchise agreement and guarantee by us, and an agreement to maintain confidentiality and not to compete. See Item 15.

ITEM 10

FINANCING

SUMMARY OF FINANCING OFFERED

| Item financed | Source of financing | Down payment | Amount financed | Term (yrs) | Interest rate | Monthly payment | Prepay penalty | Security required | Liability upon default | Loss of legal right on default |
|----------------------|----------------------------|---------------------|------------------------|--------------------------------|--------------------------|---|-----------------------|--------------------------|-------------------------------|---------------------------------------|
| Initial Fee | Promissory Note | Varies | (See Note 1) | 1 to 180 months (See Note 2) | 7.5% to 15% (See Note 3) | Equal monthly installments (See Note 4) | (See Note 5) | (See Note 6) | (See Note 7) | None |
| Conversion Costs | Franchise Term Note | (See Note 8) | (See Note 9) | 60 to 180 months (See Note 10) | 7.5% to 15% (See Note 3) | (See Note 11) | (See Note 5) | (See Note 6) | See Note 7) | None |

Notes:

1. BHHS or its affiliate may allow you to defer payment of all or a portion of the initial franchise fee described in Item 5 of this disclosure document.
2. Terms can range from 1 to 180 months, but are generally 24 months.
3. The financed portion of the initial franchise fee or conversion costs will bear interest at an annual rate ranging from seven and one half percent (7.5%) (APR of 7.5%) to fifteen percent (15.0%) (APR of 15.0%) if priced using a fixed rate of interest, and a range of between Prime and Prime + 2.5% if priced using a floating rate, and will be payable under the terms of a promissory note or franchise term note evidencing the debt.
4. Promissory notes are usually self-amortizing and payable in equal monthly installments, depending upon market rates and conditions. (A copy of the promissory note for initial franchise fee is attached to this disclosure document as Exhibit F).
5. Promissory notes will not impose prepayment penalties but will provide for acceleration of payment of principal if a default occurs, either under the promissory note or franchise term note or if you default under the Franchise Agreement.
6. BHHS or its affiliate may also require that any note be secured by real or personal property.
7. All notes will provide that a failure to make payments under the note will also cause you to be in default of the Franchise Agreement. BHHS or its affiliate will require your Principals to personally guarantee the debt. All notes require you to waive diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest, notice of any renewals, extensions, and amendments to or modifications of the note, as well as the claiming of any statute of limitations as a defense. Repayment arrangements may include payment to BHHS or its affiliate of an override above continuing royalties, which is then used to pay interest and principal. BHHS

does not intend to assign or discount to any third party any note, contract or other instrument executed by its franchisees, but BHHS reserves all rights to do so.

8. Down payments may be required by third parties with whom you contract to provide supplies and services related to the conversion of your existing business to a BHHS Brokerage. We do not require any down payment.
9. The amount financed will be a portion of the total amount required to convert your existing business to a BHHS Brokerage. The costs of conversion will include costs such as new exterior signs for your BHHS Brokerage, yard signs for agents, stationery and marketing materials.
10. The term can range from 60 – 180 months and will in most circumstances be identical to the initial term of your Franchise Agreement.
11. Amounts financed will be repaid in annual installments. In certain circumstances we may offer you an annual rebate of a portion of your Continuing Royalty payments for the purpose of applying the rebate amount as a credit against the annual installment payment due under your franchise term note.

Other than as described above, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Assistance

Before you begin operating your BHHS Brokerage, we will:

Within 15 days after the execution date of your Franchise Agreement, commence transition consultation and integration support for you. (Franchise Agreement, Paragraph 8.01)

Within 60 days of the effective date of your Franchise Agreement, we will provide training for integration into the System to your location managers and other responsible management persons designated by you for each of your locations (Franchise Agreement, Paragraph 8.01)

Within 15 days after the effective date of your Franchise Agreement, loan you an electronic copy of our Operations Manual and Brand Guidelines. As of the date of this disclosure document, our Operations Manual consists of 61 pages. A table of contents to the Operations Manual can be found at Exhibit G of this disclosure document. (Franchise Agreement, Paragraph 9.04)

Within 45 days after we sign the Franchise Agreement, provide you and your sales professionals with sales orientation training including an overview of marketing materials, System standards, tools and resources. (Franchise Agreement, Paragraph 8.02)

BHHS' ability to provide the training, continuing assistance and other services described above may be affected by various factors, including the number of office locations you plan to operate and the number of franchisees being incorporated into the System at the same time. If we are not able to meet the time frames specified above, we will establish a reasonable schedule to provide you with such services, taking such factors into account, and we will exercise commercially reasonable efforts to provide you with such services within the times otherwise provided hereunder.

Ongoing Assistance

During the operation of your BHHS Brokerage, we will:

Periodically make available to you optional sales professional training courses at a location selected by BHHS or delivered by alternative means such as through the Internet, Web-based training, recorded training offerings, video tape or disc, or audio tape. You will be responsible for any travel or lodging costs and such course fees as BHHS charges. (Franchise Agreement, Paragraph 8.03)

BHHS's staff will, as BHHS considers appropriate, visit with you either in group meetings with other franchisees or in individual meetings (Franchise Agreement, Paragraph 8.05)

Be available for consulting and guidance regarding the operation and management of your BHHS Brokerage. (Franchise Agreement, Paragraph 8.05)

Periodically arrange a sales convention for all franchisees where you may participate in various programs with us and other franchisees. (Franchise Agreement, Paragraph 8.04)

Marketing and Promotion

BHHS collects Marketing Fees that it uses to provide a variety of marketing and promotional support for its franchisees.

Use of Marketing Fees –BHHS may spend Marketing Fees on one or more of the following: national and cooperative advertising, marketing, public relations, market research, and promotional campaigns designed to benefit the Network and System and to promote and enhance the value of, general public recognition of, and acceptance of the Service Marks. BHHS may use a variety of marketing media, including but not limited to, network and cable television, network and local radio, consumer on-line advertising and linkages, national, trade and local homes magazines, billboards and newspapers. We may also spend Marketing Fees to operate national or regional online databases of properties available for sale or rent. We are not required to spend any portion of the Marketing Fees on a proportional basis, or use any portion in the geographical area in which you operate your business. No portion of the Marketing Fees will be used to solicit new franchise sales.

Scope of coverage – The coverage of media may be national or international in scope. BHHS will determine, in its sole discretion, the cost, form or media, content, format, production and timing, including seasonal exposure, location and all other matters for advertising, public relations and promotional campaigns. In its sole discretion, BHHS may make extraordinary advertising or promotional expenditures from other than Marketing Fees in the area within which the BHHS Network is operated. BHHS may, on a national basis, impose an additional assessment for special advertising or promotional activities, if Franchisees owning two-thirds of all of its franchised locations agree to such additional assessment. All expenditures of Marketing Fees are intended to benefit the entire network and System, and we cannot guarantee that you will benefit directly as a result.

Source of material –. BHHS uses a combination of in-house marketing staff and external marketing agencies, supervised by experienced BHHS marketing executive(s).

Materials provided – BHHS may provide you with marketing materials for various media outlets. You may also develop your own advertising materials, including the use of electronic media such as the Internet; however, you must obtain BHHS' prior approval for any advertising materials that you want to develop, and your materials must be in compliance with the Operations Manual and Brand Guidelines.

marketing advisory council – BHHS solicits comments on its advertising programs from the national advisory council, which is composed of franchisees. BHHS also has an internal committee that reviews advertising expenditures and programs.

General information – All Franchisees must make contributions for advertising expenditures. BHHS is entitled to reimbursement for its actual administrative expenses of the advertising program (which expenses will not exceed 15% of the annual aggregate Marketing Fees), plus the actual cost of BHHS’ production and placement of advertising. In 2016, BHHS elected not to seek reimbursement for any of its administrative expenses relating to the advertising program, but there is no guarantee that this practice will continue in the future. Marketing Fees are deposited into BHHS’ general operating account and no interest is paid to you on the Marketing Fees. As of the date this disclosure document was issued, we anticipate that all franchisees will contribute Marketing Fees calculated at the same rate. We do not anticipate forming local or regional cooperative marketing groups as of the date this disclosure document was issued, but we reserve the right to do so. We are not required to spend any amount on advertising in the franchisee’s area or territory. We did not begin collecting Marketing Fees from our Franchisees until January 1, 2015.

BHHS’s marketing group administers the Marketing Fee expenditures, subject to review by a committee of BHHS officers. Before April 1 of each year, BHHS delivers to each Franchisee a statement of receipts and expenditures of Marketing Fees for the preceding calendar year. Any amounts not spent at the end of the fiscal year for marketing are retained for later years. BHHS does not use Marketing Fees it collects for the sale of franchises. Marketing Fee contributions and expenditures are neither separately accounted for nor audited. As of the issuance date of this disclosure document, franchisees are not required to participate in any other marketing fund.

In fiscal 2016, advertising expenditures were as follows ^{1,2}.

| | Dollars (\$) | Percent of Expenditures |
|--------------------------------------|--------------|-------------------------|
| Receipts: | | |
| Net Collected | 12,561,800 | |
| Expenditures: | | |
| Production Costs | 1,440,700 | 11.49% |
| Media Costs | 5,581,100 | 44.52% |
| Affiliate Marketing Consulting Costs | 5,513,100 | 43.98% |
| Administrative Costs | -0- | 0% |
| Total Disbursements and Rebates | 12,534,900 | 100% |
| Net Received/(Disbursed) | 26,900 | |

Notes:

Note 1 - Accounting Method

The Marketing Fee Account is maintained on a modified cash basis. The books and records are maintained separate from BHHS’s accounting records and are consolidated for reporting purposes.

Note 2 – Contributions

BHHS supplemented the amount collected from its franchisees in 2016 by contributing \$2,000,000 to the Marketing Fee program. This amount is included in the Contributions reflected in the chart above. There is no guarantee that this practice will continue in the future.

Computers, Software and Telecommunication Reporting

BHHS requires you, within 120 days of the effective date of your Franchise Agreement, to install and use an approved broker management system (listed on Exhibit A of the Franchise Agreement). Within that time, you must also be trained on the software. You must report real estate transactions to BHHS electronically using an approved broker management system. You must establish and maintain an automated clearing house account in order for Continuing Royalty and other fees to be collected.

The approved broker management system (“BMS”) is a software program designed for use in a real estate office to record, track, monitor and report transactions, maintain an accurate Sales Associate roster, and provide some form of office accounting and bookkeeping, or an interface to a separate accounting/bookkeeping application. Approved BMS software programs are listed on Exhibit A of the Franchise Agreement. The BMS program is used to enter and track transactions from inception of contract through closing. Once a contract has closed and appropriate detail including agent commission information is recorded, the software operator will initiate a process to extract appropriate franchise information from the BMS and transmit the information to BHHS in Irvine, California, using appropriate electronic connectivity to the Internet. The software operator will access a designated system to begin the electronic reporting process, which involves transmitting the data file created by your BMS, to BHHS. You only pay for the call to your internet service provider ("ISP") if necessary, for support purposes. Typically, this is a local call. Depending on the amount of information to be transmitted, data bridge transmissions often take no more than fifteen minutes from start to finish.

BHHS grants approved technology supplier status to third party companies that sell and support a BMS. BHHS requires an approved BMS supplier to maintain and support current versions of BHHS’ data bridge specifications that allow you to report electronically to BHHS. You must maintain a software support agreement or comply with the approved BMS supplier's support policy, and you must purchase updated versions of your BMS to ensure that you will always have the most current data bridge software, compliant with current BHHS specifications.

We will not have independent access to information that will be generated or stored in your computer systems.

Computer Requirements

For most Franchisees, installation and use of the BMS and data bridge will require any compatible personal computer with modem or high-speed Internet connection. Each BMS program has different minimum requirements; consult with the BMS suppliers for information on specific hardware requirements. The chart below provides additional information on costs and requirements.

BHHS requires you to keep the computer hardware in working condition. Typically, the BMS suppliers do not sell computer hardware. Therefore, most franchisees use existing computers in their office or purchase a computer from one of BHHS’s Approved Suppliers or from a local computer store. BHHS only requires that the computer hardware is of a minimum standard level

to run the approved BMS program you select. Upgrades to the hardware will only be required if the BMS supplier requires an upgrade or if the hardware becomes unable to perform the required functions for electronic reporting. BHHS does not provide computer hardware to franchisees.

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| Office Size | Equipment/Product Requirement | Approximate Costs |
|---------------------|---|--|
| Small single office | <p>One computer with high-speed Internet connection for use by staff for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p> | <p>HARDWARE: \$1,000 to \$4,000 per computer with high-speed Internet capability and a printer. Costs will vary by brand, model and options.</p> <p>SOFTWARE: \$200 per month if you lease or \$5,000 if you purchase software (prices vary with configurations and options). The broker management software will cost between \$3,000 and \$5,000. There is no charge to use our designated system.</p> <p>SOFTWARE SUPPORT: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for, or may be dependent upon the number of applications installed. As an example, minimal annual support for a small single office company is approximately \$600.</p> <p>INTERNET ACCESS: Costs will vary depending upon the options you select. Internet access will cost between \$10 and \$60 per month per user.</p> |

| Office Size | Equipment/Product Requirement | Approximate Costs |
|---|--|--|
| <p>Medium Size (over 50 agents) single office</p> | <p>One computer with high speed Internet connectivity for staff use for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Companies with large transaction volume may require two or more computers on a network to reduce administrative backlog. You can discuss your options with the approved BMS suppliers, or other technology consulting resources.</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p> | <p>HARDWARE: \$1,000 to \$4,000 per computer with high-speed Internet capability and a printer. Costs will vary by brand, model and options.</p> <p>SOFTWARE: \$200 per month if you lease or \$5,000 if you purchase software (prices vary with configurations and options). The broker management software will cost between \$3,000 and \$5,000. There is no charge to use our designated system.</p> <p>SOFTWARE SUPPORT: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for, or may be dependent upon the number of applications installed. As an example, minimal annual support for a small single office company is approximately \$600.</p> <p>INTERNET ACCESS: Costs will vary depending upon the options you select. Internet access will cost between \$10 and \$60 per month per user.</p> |

| Office Size | Equipment/Product Requirement | Approximate Costs |
|-------------------------------|--|--|
| <p>Multi-Office Companies</p> | <p>One or more computers with high speed Internet connectivity for staff use for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Companies with large transaction volume may choose to install a system at each branch with costs incurred accordingly. You can discuss your options with the approved BMS suppliers. Additionally, you may choose to connect your branches via Wide Area Network (WAN).</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p> | <p>HARDWARE: \$1,000 to \$4,000 per computer with high-speed Internet capability and a printer. Costs will vary by brand, model and options.</p> <p>SOFTWARE: \$200 per month if you lease or \$5,000 if you purchase software (prices vary with configurations and options). The broker management software will cost between \$3,000 and \$5,000. There is no charge to use our designated system.</p> <p>SOFTWARE SUPPORT: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for, or may be dependent upon the number of applications installed. As an example, minimal annual support for a small single office company is approximately \$600.</p> <p>INTERNET ACCESS: . Costs will vary depending upon the options you select. Internet access will cost between \$10 and \$60 per month per user. WAN costs will vary depending on location and supplier.</p> |

| Office Size | Equipment/Product Requirement | Approximate Costs |
|------------------------------------|---|--|
| <p>Large, Multi-Office Company</p> | <p>Typical installations are a large, head office computer, or computer installed at each branch office.</p> <p>One or more computers with high speed Internet connectivity for staff use for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Companies with large transaction volume may choose to install a system at each branch with costs incurred accordingly. You can discuss your options with the approved BMS suppliers. Additionally, you may choose to connect your branches via Wide Area Network (WAN).</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p> | <p>HARDWARE and SOFTWARE: Prices vary dramatically from \$5,000 to \$50,000 or more depending on size, scope and function of hardware and software. Approved Suppliers and company owners(s) will decide pricing and options.</p> <p>SOFTWARE SUPPORT: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for and the number of applications installed.</p> <p>INTERNET ACCESS: Costs will vary depending upon the options you select. Internet access will cost between \$10 and \$60 per month per user. WAN costs will vary depending on location and supplier.</p> |

Upgrades

You must upgrade your BMS at the time of required software enhancements. Additionally, BHHS may determine that a BMS has become inadequate and prescribe different real estate office management software. BHHS will then require you to replace your BMS, but you will have at least 90 days to do so.

Neither we nor any affiliate nor any third party has a contractual obligation to provide ongoing maintenance, repairs, upgrades or updates for your computer hardware or software. Your annual cost of any optional or required maintenance, updating, upgrading and support contracts will vary depending on the vendor.

Site Selection

In all but rare cases, you are an existing real estate brokerage operating from an existing business location. As part of the franchise application process, we evaluate your existing location(s). Your existing location(s) must be acceptable to BHHS before you can become a franchisee. If you do not have an existing real estate brokerage or you otherwise need to establish a location, you will be asked to identify the location in which you propose to operate your BHHS Brokerage when you submit an application for a franchise. We will review the proposed location for its general location, size, visibility, accessibility, relationship to potential customers, competitive environment and our desire to add a franchisee in the market. We will approve or disapprove of the location in connection with our review of your application. If we do not authorize your location we will not approve your application.

If, after you become a franchisee, you wish to open Additional Locations or Additional Restricted Purpose Locations, you must first obtain approval for each Additional Location or Additional Restricted Purpose Location from BHHS (see paragraphs 4.01 and 4.03 of the Franchise Agreement). To obtain approval, you must not be in default of any of your obligations under your Franchise Agreement, and you must submit to BHHS a written request and supporting information for approval of the proposed Additional Location or Additional Restricted Purpose Location. Within 30 days after receipt of your request, BHHS will approve or disapprove the Additional Location or Additional Restricted Purpose Location. If BHHS approves the Additional Location or Additional Restricted Purpose Location, you will then sign an Additional Location Addendum or Additional Restricted Purpose Location Addendum to the Franchise Agreement and pay any required fee (see paragraph 5.01(b) of the Franchise Agreement). BHHS may disapprove your Additional Location or Additional Restricted Purpose Location request in its sole discretion.

If you desire to open Additional Locations or Additional Restricted Purpose Locations, BHHS may grant you the right to open one or more Additional Locations or Additional Restricted Purpose Locations at an approved site provided you are not in default under your Franchise Agreement and upon satisfaction of certain conditions in the Franchise Agreement (see paragraphs 4.01 and 4.03). You must pay a fee of \$2,500 for each Additional Location and \$1,000 for each Additional Restricted Purpose Location (see paragraph 5.01(b) of Franchise Agreement). You must obtain BHHS' prior written consent to each Additional Location or Additional Restricted Purpose Location. If, at any time, you desire information as to whether there may be an appropriate opportunity for a particular Additional Location or Additional Restricted Purpose Location, you must submit a written request to BHHS for information.

BHHS grants you a Franchise to operate from your approved Location, Additional Locations, Restricted Purpose Locations and Additional Restricted Purpose Locations. You must (a) diligently and effectively promote, market and engage in the business of your BHHS Brokerage, (b) develop, to the best of your ability, the potential for your BHHS Brokerage from each of your locations and as permitted from your Restricted Purpose Locations, and (c) devote and focus your attentions and efforts to such promotion and development. You will not seek to promote and develop the business of your BHHS Brokerage outside the geographic areas reasonably serviced by your locations.

Typical Length of Time for Contracting

Franchisees that are already in the real estate brokerage business, and are converting to our System, will typically need approximately 90-120 days from the date that the Franchise Agreement is signed before they begin operating as a member of the Berkshire Hathaway HomeServices Network. Start-up franchisees that need to establish an office before entering the real estate brokerage business will typically need approximately 90 to 120 days from the date that the Franchise Agreement is signed before they begin operating as a member of the Berkshire Hathaway HomeServices Network. Some of the factors that may affect the time period include your ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment fixtures and signs.

Training

Following is information on the affiliate integration process:

TRAINING PROGRAM

| Subject | Hours of classroom training | Hours of on the job training | Location |
|--|------------------------------------|-------------------------------------|-----------------|
| Announcement and Communication Plan | 3 | 0 | Phone/Webinar |
| Sales Professional Orientation | 2-3 | 0 | Phone/Webinar |
| Operational Requirements <ul style="list-style-type: none"> ▪ Setting up an ACH account ▪ Reporting ▪ Operations Manual | 6 | 0 | Phone/Webinar |
| Brand Guidelines | 6 | 0 | Phone/Webinar |
| Lead Generation Opportunities | 2 | 0 | Phone/Webinar |
| Intranet Site Setup | 1 | 0 | Phone/Webinar |
| Total | 20 | 0 | |

The affiliate integration process is provided to your location managers and to other management personnel you designate. It is provided within 60 days after the effective date of the Franchise Agreement. We may also require other members of your management to participate, and we can also limit the number of attendees to one of your personnel.

Following is information on franchisee and sales professional orientation:

| Subject | Hours of classroom training | Hours of on the job training | Location |
|-----------------------------|------------------------------------|-------------------------------------|--|
| Brand Recognition and Value | 15 minutes | 0 | Your local hotel Selected by you or via on-line meeting or other means of |

| Subject | Hours of classroom training | Hours of on the job training | Location |
|---------------------|------------------------------------|-------------------------------------|--|
| | | | electronic communication selected by Franchisor |
| Vision and Mission | 15 minutes | 0 | Your local hotel selected by you, or via on-line meeting or other means of electronic communication selected by Franchisor |
| Top Tools Available | 2 | 0 | Your local hotel selected by you or via on-line meeting or other means of electronic communication selected by Franchisor |
| Total | 2.5 | 0 | |

Sales professional orientation is held for your sales personnel within 45 days after the effective date of the Franchise Agreement at a location provided by you at your cost and expense, which is typically a local hotel meeting room near your business. You must also provide refreshments at your expense.

Training materials include manuals, handouts and electronic downloads. The required training must be completed to our satisfaction before your begin operating your BHHS Brokerage.

Our training and development team is responsible for the effective development, management and delivery of educational programming to the System’s franchisees. As a team, they each have a minimum of five years’ experience in the field and with our affiliates. The team is led by Mr. Robert Watson. Mr. Watson has 30 years of experience in the field and 12 years of experience with franchisees of one of our affiliates.

We also provide ongoing and refresher training. Training is delivered via web-based training (WBT), self-study, recorded and virtual instructor-led training (VILT), and at our annual sales convention and other network events and programs. Any costs of travel are your responsibility. Training offerings are focused on reinforcing the value of the BHHS brand, our systems, services, resources and tools.

Once each course is completed, no additional training for that course is required. Current course offerings include:

| Title of course | Hours of classroom training | Hours of on-the-job training | Location |
|--|------------------------------------|-------------------------------------|-----------------|
| Building Success With a Real Estate Team | 45 minutes | 0 | WBT |
| Quick Start Essentials Series 4 Modules | 45 minutes each | 0 | WBT |
| Collaborative Selling Questioning Techniques | 45 minutes | 0 | WBT |
| Grow Your Business Through Referrals | 45 minutes | 0 | WBT |
| Seller Advantage | 1 | 0 | WBT |
| Listing Presentation | 1 | 0 | WBT |
| Pricing Strategies – Absorption Rate Analysis | 45 minutes | 0 | WBT |
| Negotiating 3 Modules | 45 minutes each | 0 | WBT |
| Recruiting Experienced Sales Professionals 5 Modules | 45 minutes each | 0 | WBT |
| Sales Professional What If Analysis | 20 | 0 | WBT |
| Identifying Agent Productivity Levels | 1 | 0 | WBT |
| Marketing Resource II, III, IV | 1 each | 0 | WBT |
| I Object – Overcoming Common Real Estate Objections | 1 | 0 | VILT |
| REsource Center I – Overview and LearnCenter | 1 | 0 | VILT |
| Online Advantage Monthly CAM Jam and eTeam Calls-2 | 1 | 0 | VILT |
| Virtual Classroom | 1 | 0 | VILT, quarterly |
| Experienced Agent Business Planning | 1 | 0 | VILT |

| Title of course | Hours of classroom training | Hours of on-the-job training | Location |
|---|------------------------------------|-------------------------------------|---------------------------------|
| New Licensee Business Planning | 1 | 0 | VILT |
| Instructor Development program: CDT Co. Designated Trainer | 6 | 0 | VILT |
| Presentation Skills Training Guide | Self-Study | 0 | Self-Study |
| Quick Start Essentials Training Program and Coaches' Guide | Self-Study | 0 | Self-Study |
| Leadership Development – Branch Leadership | Self-Study | 0 | Self-Study |
| Leading Change | 3 | 0 | Varies |
| 90 Day Success Plan | 0 | 0 | Manager Workshop- Self-Study |
| Sales Master System – Coaching New & Lower Producers | 1.5 | 0 | WBT |
| Commercial Marketing | 1 | 0 | VILT |
| Commercial REsource Training | 1 | 0 | WBT |
| Lead REsource / Agent CRM – 5 modules | 1 each | 0 | VILT/Recorded |
| Website Admin | 1 | 0 | VILT/Recorded |
| Putting It All Together | 1 | 0 | VILT |
| Excel – Introduction to Data Lists | 1 | 0 | VILT |
| Preparing For Change | 1.5 | 0 | Self-Study |
| Leadership In a Team Environment | 1.5 | 0 | ILT |
| Leadership Development Your Brand | 3 | 0 | ILT |
| Leadership Development Your Sales Team | 6 | 0 | ILT |

| Title of course | Hours of classroom training | Hours of on-the-job training | Location |
|---|------------------------------------|-------------------------------------|-----------------|
| CAM Training for Transitioning Affiliates | 1.5 | 0 | VILT |
| Managing New Leads | 1 | 0 | VILT |
| Establishing a Pricing Strategy | 1 | 0 | VILT |
| Former Action Pack for Success – 6 modules | 1 each | 0 | Self-Study |
| Recruiting Performance Dashboard | 15 min | 0 | WBT |
| Compensation Comparison Analysis | 15 min | 0 | WBT |
| LEAD Brand Magnet Recruiting | 1 per wk – 9 wks | 0 | Consultant Led |
| eCertified® - 4 modules | 1 each | 0 | WBT |
| Matthew Ferrara videos | 2 to 10 min. | 0 | WBT |
| Virtual Staging Essentials | 1 | 0 | WBT |
| Social Media | 1 | 0 | Monthly VILT |
| Trainers Forum | 1 | 0 | Monthly VILT |
| Certified International Property Specialist - Designation 5 courses | 6 hrs each | 0 | ILT |
| Testimonials – Your Way to Success | 1 | 0 | WBT |
| Establishing a Pricing Strategy- Price it Right from the Start | 1 | 0 | WBT |
| eTeam Training: Managing New Leads – Five Steps to Success | 1 | 0 | WBT |
| Leadership Development Competitive Market Analysis | 1 | 0 | WBT |
| Leadership Development – Management Skills | 45 minutes | 0 | WBT |

| Title of course | Hours of classroom training | Hours of on-the-job training | Location |
|--|------------------------------------|-------------------------------------|-----------------|
| Leadership Development – Managing Oneself | 45 minutes | 0 | WBT |
| Leadership Development SWOT Analysis | 45 minutes | 0 | WBT |
| Leadership Development – The Marketplace | 45 minutes | 0 | WBT |
| Leadership Development – The Role of Vision and Mission in Business | 45 minutes | 0 | WBT |
| Leadership Development – Using Culture as a Competitive Advantage | 45 minutes | 0 | WBT |
| Designing the Next Generation Listing Presentation | 45 minutes | 0 | WBT |
| Evernote 101 Basics | 1 | 0 | VILT |
| Evernote 201 | 1 | 0 | VILT |
| Going Global – Leveraging the BHHS Global Website in Your Local Market | 1 | 0 | VILT |
| Social Media – quarterly deliveries | 1 | 0 | VILT |

Other Obligations and Limitations

We and our present and future affiliates may be involved in real estate related business activities including business referrals, relocation of corporate personnel, mortgage, title insurance, appraisal, escrow and other services. Entering into a franchise relationship with us does not and should not, in any way, create any right or expectation that you will obtain any benefits because of this business activity. We will, at all times, require you to comply with the requirements of the Real Estate Settlement Procedures Act of 1974 (“RESPA”), and the rules and regulations issued regarding RESPA. Without limiting the above, you agree that at or before the time of making a referral to us or any of our present or future affiliates, you will provide the party being referred with the required affiliated business arrangement disclosure, to the extent required by law.

You must arrange for us or our designated vendor to receive a direct electronic feed of all real estate listings on the multiple listing services you use in compliance with the Virtual Office

Website standards adopted by the National Association of Realtors® or other standards that we may periodically specify.

We are not obligated to provide assistance in arranging for necessary equipment, signs, fixtures, opening inventory, or supplies for your BHHS Brokerage. BHHS may, at its option, provide services in excess of those required under the Franchise Agreement. By providing these additional services, BHHS creates no obligation to continue to provide them. BHHS may include a reasonable charge for services it chooses to provide. In some circumstances BHHS may, in its sole discretion, subcontract to third parties the services it provides to you.

ITEM 12

TERRITORY

The Franchise Agreement does not grant you an exclusive territory. You may face competition from other franchisees, from outlets we may own or operate in the future, or from competitive brands that we may control or that are otherwise owned or operated by an affiliate of ours. A protected territory may be provided by a written amendment to your Franchise Agreement. Some of the factors we will consider before granting a protected territory include your reputation in the marketplace, the size, market share and expected Gross Revenues of your existing real estate business and the benefit of having you as a part of the System. If we grant a protected territory the size of the territory may be delineated by the boundaries of a county or by zip code(s), depending on the circumstances. There is no minimum protected territory, however.

BHHS has no policy as to how near to an existing franchisee outlet it may establish other franchises that distribute similar products or services under the same or a different trademark, service mark, trade name, or logotype.

If BHHS grants you a protected territory in a written amendment to your Franchise Agreement, you will be required to meet certain stated levels of performance in order to maintain the protection. Performance guidelines will typically require you to maintain or increase your productivity or market share. Specific performance guidelines vary based on individual market conditions, your existing production and market share, and are usually negotiated. In the event you fail to maintain the agreed upon performance guidelines, BHHS will have the right to cancel your protected territory (but not your franchise). BHHS will not otherwise alter your territorial rights, and there are no other circumstances that permit BHHS to modify your territorial rights, without your consent.

BHHS grants multiple protected territories only in rare instances. Each protected territory will have separate performance guidelines and may be separately terminated. Any performance guidelines will be agreed to in advance and may not be changed unilaterally by BHHS.

Protective territorial rights will only prohibit BHHS from franchising additional offices and locations within your protected territory using the "Berkshire Hathaway HomeServices" name and related service marks. These rights will not prohibit us, other BHHS franchisees, our affiliates, or our affiliates' franchisees, from transacting business within your protected territory, nor will these rights allow you to expand within your protected territory without our consent. In addition, the granting of any protective territorial rights will not prohibit BHHS from granting a BHHS franchise to any existing brokerage currently owned or later acquired, directly or indirectly, by HomeServices of America, Inc. or any franchisees of any such brokerage currently owned or later acquired, directly or indirectly, by HomeServices of America, Inc. Any protective territorial rights will also not guarantee that you will be the exclusive recipient of referrals or any other business within the protected territory.

If your protected territory is canceled, because you do not meet the performance guidelines, BHHS will again have the unrestricted right to own, operate, franchise or license, or in any other

manner authorize the location and operation of, other BHHS Brokerages at any location within the canceled protected territory.

With or without a protected 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 or that are otherwise controlled by our affiliates. You will only make referrals from the geographic areas reasonably serviced by your Locations and Restricted Purpose Locations and you will not seek to develop referrals originating outside such areas for properties located outside such areas. BHHS has the right to grant waivers to this prohibition. BHHS may, in its sole judgment, periodically specify areas that are not reasonably serviced by your Locations and Restricted Purpose Locations.

We and our affiliates reserve all rights that we do not grant to you, including the unconditional right in all circumstances to own, operate, franchise or license, or in any other manner authorize the location and operation, of other real estate brokerage businesses through any other means available. For example, we reserve the right for ourselves and our affiliates to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, either under the “Berkshire Hathaway HomeServices” service marks or other names or marks, in your area. We do not have to pay any compensation for soliciting or accepting business utilizing these methods.

If you desire to relocate your Location, or any Additional Location or Restricted Purpose Location, you must request our consent at least 30 days before the desired date of relocation. We reserve the right to approve or disapprove of your request in our discretion. Factors we will consider include the location of the proposed new site, the proximity of the new site to other existing BHHS Brokerages, and whether you are in default of any of your obligations under your Franchise Agreement.

A number of our affiliates operate franchise systems offering real estate brokerage franchises under other names. Each of these affiliates is operated separately. Their franchisees may operate in your area.

BRER Affiliates LLC operates the “Prudential Real Estate” real estate brokerage franchise system. Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

Real Living Real Estate, LLC operates the “Real Living Real Estate” real estate brokerage franchise system. Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

Reece & Nichols Alliance, Inc. operates the “Reece & Nichols Realtors” real estate brokerage franchise system. Its principal business address is 11601 Granada Lane, Leawood, Kansas 66211.

Roy H. Long Realty Company, Inc. operates the “Long Realty” real estate brokerage franchise system. Its principal business address is 900 E. River Road, Suite 100, Tucson, Arizona 85718.

Iowa Realty Co., Inc. operates the “Iowa Realty” real estate brokerage franchise system. Its principal business address is 3501 Westown Parkway, West Des Moines, Iowa 50266.

Intero Franchise Services, Inc. is the franchising affiliate of Interio Real Estate Services, Inc., and franchises real estate brokerages using the “Interio Real Estate” and “Interio Resorts” service marks. Interio Franchise Services, Inc. has offered franchises since June 2007. Its principal business address is 10275 North DeAnza Blvd., Cupertino, California 95014.

No HomeServices of America, Inc. Product or Service

The grant of a franchise does not entitle you to any relationship with HomeServices of America, Inc. or other present and future affiliates of HomeServices of America, Inc.

ITEM 13

TRADEMARKS

We will give you the right under the Franchise Agreement to develop and operate a BHHS Brokerage under the name “Berkshire Hathaway HomeServices”, subject to compliance with our standards. You may use the *Berkshire Hathaway HomeServices* and other current and future trademarks that we designate for use in connection with the System, whether registered or unregistered (“Marks” or “Service Marks”). As of the issuance date of this disclosure document, we have filed “intent to use” applications for the following principal Marks, amongst others, with the United States Patent and Trademark Office (“PTO”):

| <u>Serial/Registration Number</u> | <u>Service Mark</u> | <u>Application Date/Registration Date</u> |
|--|---|--|
| Reg. No. 4491859 | BERKSHIRE HATHAWAY HOMESERVICES | March 4, 2014 |
| Ser. No. 85859967 |  | February 26, 2013 |
| Reg. No. 4492336 |  | March 4, 2014 |
| Reg. No. 4492436 |  | March 4, 2014 |

Reg. No. 4492435



March 4, 2012

Ser. No. 85819109

BH HS

January 9, 2013

Common Law



Not Applicable

No affidavits or renewal filings are yet due in connection with these registrations. You must follow our rules when you use these Marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those that we license to you. You may not use the "Berkshire Hathaway HomeServices" name in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing.

If you wish to use the name "Berkshire Hathaway HomeServices" or any permitted derivation thereof in an Internet website address, e-mail address or domain name, you may do so only with our consent. We will register, own and control any Internet website address, domain name, or uniform resource locator containing the Service Marks or any permitted variation thereof which you use in the conduct of your BHHS Brokerage. You must reimburse us for any registration costs and any subsequent costs of maintaining the registration. You will not be compensated or paid by us for any monies invested in using or promoting any Internet website address, domain name, or uniform resource locator containing the Service Marks or any permitted variation thereof, or for costs of registering and promoting any new domain name, which may become necessary upon the expiration or termination of your Franchise Agreement.

As of the date this disclosure document was issued, there are no material determinations of the PTO, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceedings. And, other than as may be disclosed in Item 3 above, there is no pending material litigation involving the Marks and we do not know of any superior prior rights or infringing uses that could materially affect franchisees' use of the Marks.

HomeServices of America, Inc. owns the Marks and has licensed them to our parent HSF Affiliates LLC which has sublicensed them to us for use in the System. The Trademark License Agreement continues for as long as we conduct business in compliance with the terms of the Trademark License Agreement.

HomeServices of America, Inc. may terminate the Trademark License Agreement if:

- There is a material breach that remains uncured thirty (30) days after HomeServices of America, Inc. gives written notice of the breach;
- We and/or our franchisees discontinue all use of the Marks for a period of six (6) months, and do not resume use of the Marks within thirty (30) days after receiving notice of termination from HomeServices of America, Inc.
- We are dissolved, declare bankruptcy, are liquidated or have a receiver appointed; or
- HomeServices of America, Inc. no longer has at least a sixty-six percent (66%) ownership interest in our parent, HSF Affiliates LLC.

HomeServices of America, Inc. has the absolute right to approve any use of the Marks and any new Mark or name that we intend to use. HomeServices of America, Inc. is a third party beneficiary of your Franchise Agreement. If the Trademark License Agreement is terminated, HomeServices of America, Inc. may assume your Franchise Agreement. Otherwise, it will terminate.

If a third party makes any claim, by suit or otherwise, against you because of your use of the Service Marks in accordance with the terms of the Franchise Agreement, you must promptly notify us in writing. Upon receiving this notice, we and/or the owner of the Service Marks will retain counsel of our own choosing to defend you against any claim of this type, and will protect you from any loss, costs or expenses resulting from any claim. We or the owner of the Service Marks also has the sole right to manage and control any such suit or other proceeding. We or the owner of the Service Marks will have the sole discretion to determine if the use by a third party in an unrelated line of business of a word or logo that is the same or similar to the Service Marks is confusing to the public and what action, if any, should be taken. (See paragraph 7.07 of the Franchise Agreement.)

At your sole expense, you must replace the signage and materials at your existing Locations and Restricted Purpose Locations where signage is permitted, with signage and materials bearing the Berkshire Hathaway HomeServices' Service Marks, and complying with our signage standards, within 90 days of the effective date of your Franchise Agreement.

We may require you to substitute or modify any or all of the Service Marks at any time upon notice. If we do so, you must pay the cost of such substitution or modification, including the cost of changes to signage and other materials.

Other than as described above, within the United States there are no other agreements currently in effect or infringing uses actually known to us that significantly limit our right to use or

franchise the use of this trade name in any manner material to the Franchise being offered in the state in which the BHHS Brokerage is to be located.

In order to preserve the validity and integrity of the Service Marks and to ensure that you are properly using the Service Marks in the operation of the BHHS Brokerage and for other operational reasons, we and the owner of the Service Marks and their designated agents will have the right to inspect your business operations at reasonable times. You must cooperate with us and the owner of the Service Marks' representatives in this inspection and render assistance as may be reasonably requested.

If you do not use and promote the Service Marks in accordance with the System, in addition to the other rights and remedies available to us for other breaches of the Franchise Agreement, you agree to pay us, as liquidated damages, an amount equal to the total Continuing Royalty due from you for the two years immediately preceding your failure to comply with the terms of the Franchise Agreement.

Your license of the Service Marks is limited to the United States of America. You must obtain our consent and authorization before you use the Service Marks in any manner outside the United States of America.

We do not yet have federal registrations for some of our Marks. Therefore, some of our Marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use any of the Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Detailed information concerning your authorized use of the Service Marks is in Article VII of the Franchise Agreement (in particular, see paragraph 7.04 of the Franchise Agreement). This information includes restrictions on the use of other trademarks, trade names, service marks, insignias or logos.

Certain companies owned and controlled by HomeServices of America, Inc. operate BHHS Brokerages. Other brokerages owned and controlled by HomeServices of America, Inc. will continue to operate using trade names other than Berkshire Hathaway HomeServices. All brokerages owned and controlled by HomeServices of America, Inc. have been granted additional rights to identify themselves to the public with phrases like “a Berkshire Hathaway affiliate”, “A Member of HomeServices of America Inc., A Berkshire Hathaway Affiliate”, or similar descriptions. You will not be permitted to identify your BHHS Brokerage in this manner.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Except for common law copyrights on all proprietary advertisements, tapes, broadcasts, software, manuals and printed materials, we have no existing patent or copyrights and no pending patent applications or copyrights that are material to the Franchise. We have not registered any of the common law copyrights and no agreements are currently in effect that significantly limit our rights to use or license the use of the common law copyrights in a manner material to you.

You must operate the BHHS Brokerage according to the provisions of the Franchise Agreement and the Operations Manual, which will be provided to you upon the effective date of your franchise agreement or may, upon your request, be made available to you to review prior to this date. We may provide the Operations Manual to you by means of an electronic communication.

In addition to the Operations Manual, you will receive other manuals and marketing materials such as our Brand Guidelines and Online Supplier Catalogs.

If you discover any unauthorized use of manuals or the above-described material, you should contact us and we will take such action as we consider appropriate. We are not obligated to defend you against claims arising from your use of the copyrighted materials. We are not aware of any existing infringing uses that could affect your use of the copyrighted materials.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We do not obligate you, whether you are a sole proprietor, corporation, limited liability company, partnership or limited partnership, or your Principals to participate in the actual operation of the BHHS Brokerage, nor do we make any recommendations concerning whether you or your Principals personally supervise the BHHS Brokerage.

In accordance with state laws, however, you must appoint a supervising real estate broker to supervise your BHHS Brokerage. Such broker is not required by us to hold any equity interest in your BHHS Brokerage, but he or she must successfully complete our background check and our affiliate integration process. In addition, you must place certain restrictions on your supervising real estate broker. For example, your supervising broker must be required by you to maintain confidentiality and trade secrets.

If you are a corporation, partnership, or limited liability company, each of your owners with more than a 10% direct or indirect equity interest (“Principals”), as well as their spouses, must sign a Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guaranty at pages 41 and 42 of the Franchise Agreement, agreeing to discharge all of your obligations as a franchisee, including your payment obligations, under the Franchise Agreement, and to retain an ownership interest in you that cannot be transferred without our permission.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer only those services that we have approved. You may only offer those services that we designate as set forth in the Franchise Agreement and the Operations Manual, unless we agree otherwise in writing.

Your BHHS Brokerage may only act as a real estate broker from authorized business sites (including your original Location and Additional Locations, as well as Restricted Purpose Locations and Additional Restricted Purpose Locations, as specifically permitted). Your BHHS Brokerage may not offer or perform certain real estate services including, for example, title insurance or searches, mortgage origination, mortgage banking, loan brokerage, insurance, escrow services, appraisals, or brokering business opportunities that do not involve a transfer of a real estate interest of at least one (1) year. With our permission, your Principals may conduct these other services outside the BHHS Brokerage without using or implementing the Service Marks or System.

Your BHHS Brokerage cannot act as a real estate broker for a commercial property with a gross listing or sales price above \$25,000,000 without our permission. Commercial property means parcels of real property other than those on which are located, or intended to be located, residential structures containing not more than four dwelling units.

You may not, during the term of the Franchise Agreement or any extension, act as a real estate broker in any business other than your BHHS Brokerage, or operate, manage, own, assist, license, sublicense, act on behalf of, represent, or hold an interest, directly or indirectly, in any real estate brokerage business other than the BHHS Brokerage without our permission, nor divert or attempt to divert business or customers of the franchised business to any competitor or do any other act that injures the goodwill associated with the Service Marks or the System, nor solicit any person whom we employ to leave his or her employment.

Neither you nor your principals or any separate business entity may, under any circumstances, advertise availability of mortgage brokerage, appraisal, financial or insurance services using the Service Marks or in association with the Service Marks, without our permission. You must give us notice before engaging in mortgage origination services or any other real estate related business. We may require you to sign an agreement to operate any such business on an arm's length basis from the franchised business.

During the term of the Franchise Agreement you cannot operate, manage, own, assist or hold an interest, direct or indirect, in any business for the development or sale of insurance or insurance related products, without our express prior written consent.

We may change the types of authorized services that you may offer. There are no limits on our right to do so.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

| | Provision | Section in franchise or other agreement | Summary |
|----|---|--|---|
| a. | Length of the franchise term | Paragraph 6.01 | Term is typically from 10 to 15 years as mutually agreed to by you and BHHS. We anticipate that most franchises will be for a term of 10 years. Under extraordinary circumstances, we may agree to an initial term of up to 15 years. |
| b. | Renewal or extension | Paragraph 6.02 | No renewal rights. |
| c. | Requirements for you to renew or extend | Paragraph 6.02 | No renewal rights. |
| d. | Termination by you | Not applicable | ----- |
| e. | Termination by BHHS without cause | Not applicable | ----- |
| f. | Termination by BHHS with cause | Paragraphs 11.02 and 11.03 | BHHS can terminate your Franchise Agreement if you default. |
| g. | "Cause" defined – curable defaults | Paragraph 11.03 | Subject to state law, depending on the violation, you have 24 hours, 14 days, 30 or 90 days to cure. |

| Provision | Section in franchise or other agreement | Summary | |
|-----------|--|-----------------|--|
| h. | "Cause" defined – non-curable defaults | Paragraph 11.02 | Non-curable defaults: abandonment; insolvency (to the extent permitted by law); inaccurate reporting of Gross Revenue; transfer of Service Marks without consent; suspension of real estate license; default twice within 12 months for same or similar breach; refusal to permit audit of financial records; failure for two consecutive anniversary years after first anniversary year to achieve Gross Revenue sufficient to generate a total Continuing Royalty of \$15,000; any activity in violation of Article VII of the Franchise Agreement that would not permit a complete cure or remedy of any damage caused by such violation; violation of trust account rules and regulations; material violations of laws applicable to real estate brokerage and related activities. |
| i. | Your obligations on termination / non-renewal | Paragraph 13.01 | Obligations include: complete de-identification and payment of all amounts due, return of all BHHS materials. |
| j. | Assignment of contract by BHHS | Paragraph 10.01 | BHHS can assign the Franchise Agreement to a financially responsible party who assumes BHHS' obligations. |
| k. | Transfer by you – defined | Paragraph 10.02 | Includes transfer of contract or assets or ownership change. |
| l. | BHHS approval of transfer by you | Paragraph 10.02 | Except for special cases, BHHS has the right to approve all transfers but cannot unreasonably withhold approval. |
| m. | Conditions for BHHS approval of transfer | Paragraph 10.02 | New franchisee qualifies, Transfer Fee paid, purchase agreement approved, and current agreement signed by new franchisee. |
| n. | BHHS right of first refusal to acquire your business | Paragraph 10.03 | BHHS can match any offer for the franchised business, or any interest in the franchised business. |
| o. | BHHS' option to purchase your business | Not applicable | ----- |
| p. | Death or disability of you | Paragraph 10.02 | Passes through your estate, subject to certain conditions. |

| | Provision | Section in franchise or other agreement | Summary |
|----|--|--|---|
| q. | Non-competition covenants during the term of the franchise | Paragraph 9.12 | You must have no other real estate brokerage business or activities. |
| r. | Non-competition covenants after the franchise is terminated or expires | Not applicable | ----- |
| s. | Modification of the agreement | Paragraph 15.02 | Only in writing signed by all parties, or upon notice, BHHS may reduce the scope of your obligations without your consent. The Operations Manual and Guidelines Manual are subject to change by us without prior notice. |
| t. | Integration / merger clause | Paragraph 15.02 | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | Article XII | Except for certain claims, all disputes must be arbitrated in Orange County, California, except where state law provides to the contrary. Either party may require non-binding mediation. Mediation will be conducted in Orange County, California, or, at our option, in the county where your principal place of business is located. |
| v. | Choice of forum | Paragraph 12.06 | All disputes must be heard in Orange County, California, subject to state law to the contrary. You waive the right to trial before a jury. |
| w. | Choice of law | Paragraph 15.01 | Delaware law applies, subject to state law to the contrary. |

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this 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 BHHS Brokerages. 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 BHHS Brokerage, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Patricia M. Mansur-Brown in the BHHS Law Department at 18500 Von Karman Avenue, Suite 400, Irvine, California, 92612 and (949)-794-7900, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1
Systemwide Outlet Summary
For Years 2014 to 2016**

| Column 1 Outlet Type | Column 2 Year | Column 3 Outlets at Start of the Year | Column 4 Outlets at End of the Year | Column 5 Net Change |
|---------------------------------|--------------------------|--|--|--------------------------------|
| Franchised | 2014 | 9 | 150 | +140 |
| | 2015 | 150 | 213 | +61 |
| | 2016 | 213 | 229 | +16 |
| Company-Owned | 2014 | 9 | 10 | +1 |
| | 2015 | 10 | 10 | 0 |
| | 2016 | 10 | 12 | +2 |
| Total Outlets | 2014 | 18 | 160 | +142 |
| | 2015 | 160 | 223 | +61 |
| | 2016 | 223 | 241 | +18 |

**TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2014 to 2016**

| Column 1 State | Column 2 Year | Column 3 Number of Transfers |
|---------------------------|--------------------------|---|
| Total | 2014 | 0 |
| | 2015 | 1 |
| | 2016 | 2 |

TABLE NO. 3
Status of Franchised Outlets
For Years 2014 to 2016

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 | Column 7 | Column 8 | Column 9 |
|-----------------|-----------------|---------------------------------|--------------------|---------------------|---------------------|---------------------------------|----------------------------------|-------------------------------|
| State | Year | Outlets at Start of Year | New Outlets | Terminations | Non-Renewals | Reacquired by Franchisor | Operations -Other Reasons | Outlets at End of Year |
| Alabama | 2014 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Arizona | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Arkansas | 2014 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| California | 2014 | 1 | 21 | 0 | 0 | 0 | 0 | 22 |
| | 2015 | 22 | 5 | 0 | 0 | 0 | 0 | 27 |
| | 2016 | 27 | 3 | 0 | 0 | 0 | 0 | 30 |
| Colorado | 2014 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| Delaware | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2014 | 1 | 7 | 0 | 0 | 0 | 0 | 8 |
| | 2015 | 8 | 3 | 0 | 0 | 0 | 0 | 11 |
| | 2016 | 11 | 1 | 0 | 0 | 1 | 0 | 11 |
| Georgia | 2014 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Hawaii | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Idaho | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Illinois | 2014 | 0 | 11 | 0 | 0 | 0 | 0 | 11 |
| | 2015 | 11 | 1 | 1 | 0 | 0 | 0 | 11 |
| | 2016 | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| Indiana | 2014 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Iowa | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kansas | 2014 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 | Column 7 | Column 8 | Column 9 |
|-----------------|-----------------|---------------------------------|--------------------|---------------------|---------------------|---------------------------------|---|-------------------------------|
| State | Year | Outlets at Start of Year | New Outlets | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations -Other Reasons | Outlets at End of Year |
| Kentucky | 2014 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Louisiana | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Maine | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Maryland | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Massachusetts | 2014 | 0 | 5 | 0 | 0 | 0 | 0 | 5 |
| | 2015 | 5 | 2 | 0 | 0 | 0 | 0 | 7 |
| | 2016 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| Michigan | 2014 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2016 | 5 | 2 | 0 | 0 | 0 | 0 | 7 |
| Minnesota | 2014 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Mississippi | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Missouri | 2014 | 0 | 6 | 0 | 0 | 0 | 0 | 6 |
| | 2015 | 6 | 2 | 0 | 0 | 0 | 0 | 8 |
| | 2016 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Montana | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Nebraska | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Nevada | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New Hampshire | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| New Jersey | 2014 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 6 | 0 | 0 | 0 | 0 | 10 |
| | 2016 | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| New Mexico | 2014 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| New York | 2014 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| | 2016 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 | Column 7 | Column 8 | Column 9 |
|----------------|-------------|--------------------------|-------------|--------------|--------------|--------------------------|---------------------------|------------------------|
| State | Year | Outlets at Start of Year | New Outlets | Terminations | Non-Renewals | Reacquired by Franchisor | Operations -Other Reasons | Outlets at End of Year |
| North Carolina | 2014 | 0 | 7 | 0 | 0 | 0 | 0 | 7 |
| | 2015 | 7 | 2 | 0 | 0 | 0 | 0 | 9 |
| | 2016 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| North Dakota | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Ohio | 2014 | 0 | 9 | 0 | 0 | 0 | 0 | 9 |
| | 2015 | 9 | 1 | 0 | 0 | 0 | 0 | 10 |
| | 2016 | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| Oklahoma | 2014 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2016 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Oregon | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| Pennsylvania | 2014 | 0 | 7 | 0 | 0 | 0 | 0 | 7 |
| | 2015 | 7 | 3 | 0 | 0 | 0 | 0 | 10 |
| | 2016 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| Rhode Island | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| South Carolina | 2014 | 0 | 6 | 0 | 0 | 0 | 0 | 6 |
| | 2015 | 6 | 2 | 0 | 0 | 0 | 0 | 8 |
| | 2016 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Tennessee | 2014 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2015 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2016 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| Texas | 2014 | 1 | 7 | 0 | 0 | 0 | 0 | 8 |
| | 2015 | 8 | 4 | 0 | 0 | 0 | 0 | 12 |
| | 2016 | 12 | 1 | 0 | 0 | 0 | 0 | 13 |
| Utah | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Virginia | 2014 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2015 | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| | 2016 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| Washington | 2014 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 3 | 0 | 0 | 0 | 0 | 6 |
| | 2016 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| West Virginia | 2014 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Wisconsin | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Wyoming | 2014 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Total | 2014 | 9 | 142 | 0 | 0 | 0 | 0 | 150 |
| | 2015 | 150 | 64 | 1 | 0 | 0 | 0 | 213 |
| | 2016 | 213 | 18 | 0 | 0 | 2 | 0 | 229 |

TABLE NO. 4
Status of Company-Owned Outlets
For Years 2014 to 2016

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 | Column 7 | Column 8 |
|-----------------|-----------------|---------------------------------|-----------------------|---|-----------------------|-----------------------------------|-------------------------------|
| 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 | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Connecticut | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2014 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 1 | 0 | 0 | 0 | 1 |
| Georgia | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| Iowa | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Illinois | 2014 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Kansas | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Oregon | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 1 | 0 | 0 | 0 | 2 |
| Pennsylvania | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Washington | 2014 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2015 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2016 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2014 | 9 | 1 | 0 | 0 | 0 | 10 |
| | 2015 | 10 | 0 | 0 | 0 | 0 | 10 |
| | 2016 | 10 | 2 | 0 | 0 | 0 | 12 |

TABLE NO. 5
Projected Openings
As of December 31, 2016

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|--|--|--|
| Alabama | 1 | 1 | 0 |
| Arizona | 0 | 1 | 0 |
| Arkansas | 0 | 1 | 0 |
| California | 1 | 3 | 0 |
| Colorado | 2 | 1 | 0 |
| Florida | 0 | 2 | 0 |
| Georgia | 0 | 1 | 0 |
| Hawaii | 0 | 0 | 0 |
| Idaho | 0 | 1 | 0 |
| Illinois | 0 | 1 | 0 |
| Indiana | 0 | 1 | 0 |
| Iowa | 0 | 0 | 0 |
| Kansas | 0 | 0 | 0 |
| Kentucky | 0 | 0 | 0 |
| Louisiana | 0 | 1 | 0 |
| Maine | 0 | 0 | 0 |
| Maryland | 0 | 1 | 0 |
| Massachusetts | 1 | 2 | 0 |
| Michigan | 1 | 2 | 0 |
| Minnesota | 0 | 0 | 0 |
| Mississippi | 0 | 0 | 0 |
| Missouri | 0 | 0 | 0 |
| Montana | 0 | 1 | 0 |
| Nevada | 0 | 0 | 0 |
| New Hampshire | 0 | 0 | 0 |
| New Jersey | 0 | 2 | 0 |
| New Mexico | 0 | 0 | 0 |
| New York | 0 | 2 | 0 |
| North Carolina | 0 | 0 | 0 |
| North Dakota | 0 | 0 | 0 |
| Ohio | 0 | 1 | 0 |
| Oklahoma | 0 | 0 | 0 |
| Oregon | 0 | 0 | 0 |
| Pennsylvania | 0 | 0 | 0 |
| Rhode Island | 0 | 1 | 0 |
| South Carolina | 0 | 0 | 0 |
| South Dakota | 0 | 0 | 0 |

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---------------|--|--|--|
| Tennessee | 1 | 0 | 0 |
| Texas | 1 | 2 | 0 |
| Utah | 0 | 2 | 0 |
| Virginia | 0 | 0 | 0 |
| West Virginia | 0 | 2 | 0 |
| Washington | 0 | 1 | 0 |
| Wisconsin | 0 | 1 | 0 |
| Wyoming | 0 | 0 | 0 |
| Total | 8 | 34 | 0 |

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

Since the inception of our franchise network, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system.

ITEM 21

FINANCIAL STATEMENTS

The following audited financial statements of our parent, HSF Affiliates LLC, are included in this disclosure document as part of Exhibit C: (i) consolidated balance sheets of HSF for December 31, 2016 and 2015 and (ii) the related consolidated statements of operations, changes in members' capital and cash flows for the years ended December 31, 2016, 2015 and 2014, together with the independent auditors' report thereon. Also included in Exhibit C are an unaudited consolidated balance sheet of HSF as of March 31, 2017 and an unaudited consolidated statement of operations for the three months ended March 31, 2017*. Our parent, HSF Affiliates LLC, has guaranteed our performance with you. A copy of the Guarantee of Performance is included as Exhibit J.

* THE UNAUDITED FINANCIAL STATEMENTS AS OF MARCH 31, 2017 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

- Exhibit A: Franchise Agreement
Pages 57 & 58 of the Franchise Agreement: Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee
- Exhibit A: Franchise Agreement
Following Exhibit C of the Franchise Agreement: Additional Location Addendum, Additional Restricted Purpose Location Addendum (Administrative Office), Additional Restricted Purpose Location Addendum (Service Center), Additional Restricted Purpose Location Addendum (Kiosk), Additional Restricted Purpose Location Addendum (Subdivision Sales Office) Residential Protected Territory Amendment to Franchise Agreement, and Optional Orion Commercial Resource Tier II – Subscription Agreement.
- Exhibit E: Proposed Forms of Promissory Note and Franchise Term Note

ITEM 23

RECEIPT

Copies of the Receipt are attached to the end of this disclosure document, following the Exhibits. Please sign the Receipt, date it the date you receive the disclosure document and return it to Berkshire Hathaway HomeServices, 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the Receipt is attached for your records.

EXHIBIT A
FRANCHISE AGREEMENT



BERKSHIRE HATHAWAY HOMESERVICES FRANCHISE AGREEMENT

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**BERKSHIRE HATHAWAY HOMESERVICES
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT**

This Franchise Agreement (“Agreement”) is made and entered into as of _____, 201_ and effective _____ (the “Effective Date”), by and between BHH Affiliates, LLC, a Delaware limited liability company (“Franchisor”), and _____, a(n) _____ (Corporation, Limited Liability Company, Partnership, Individual) proposing to do business in the State of _____ as Berkshire Hathaway HomeServices _____ (“Franchisee”).

THE PARTIES AGREE:

I. NATURE AND SCOPE OF AGREEMENT

Franchisor has developed and intends to engage in the ongoing development and operation of a “System” (as defined in Article II hereof) under certain “Service Marks” (as defined in Article II hereof) operated in accordance with the provisions of this Agreement and Franchisor’s “Operations Manual” (as defined in Article II hereof), as amended from time to time.

Franchisor is a wholly owned operating subsidiary of HSF Affiliates LLC. HomeServices of America, Inc. (“HomeServices”) and its affiliated entities are the owners of the Service Marks and all rights in respect thereof. Pursuant to a Trademark License Agreement between HSF Affiliates LLC and HomeServices, Franchisor has been authorized to use, and to license others to use, the Service Marks.

Franchisor is engaged in the administration and development of programs for the operation of real estate brokerage businesses utilizing the Service Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and/or HomeServices. Franchisor’s activities in general, and its real estate brokerage programs in particular, are undertaken to develop, maintain and enhance the Service Marks and Franchisor’s reputation for total service in all fields of real estate brokerage and related services throughout the United States.

Franchisee desires to be franchised and licensed by the Franchisor to participate in and use the System, Service Marks and goodwill of Franchisor to conduct the “Franchised Business” (as defined in Article II hereof) in the manner described in this Agreement. Franchisor is willing to grant to the Franchisee said Franchise and license, in accordance with the provisions of this Agreement and the Operations Manual, for the term set forth below.

Franchisee acknowledges that in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of the Network (as defined in Article II), the effect upon the Network as a whole, and the need to protect the Service Marks for the benefit of the Network.

II. DEFINITIONS

The following terms shall have the following meanings when they appear capitalized in this Agreement.

Abandoned. With respect to any “Location”, the term “Abandoned” shall mean closure of a Location for a period of seven (7) consecutive days without Franchisor’s prior written consent. A repeated pattern of closures of a Location for periods of less than seven (7) consecutive days may result in the Location being deemed Abandoned if in the sole judgment of Franchisor such closure adversely impacts the Franchised Business. A Location shall not be deemed Abandoned if the closure is due to “acts of God” or other matters beyond the reasonable control of Franchisee (e.g., act of war, labor strike, terrorist threat, earthquake, hurricane, etc.; other than Franchisee’s inability to procure money), provided that Franchisee gives notice of any such closure to Franchisor within ten (10) days after the initial occurrence of the event resulting in such closure and Franchisor acknowledges in writing that such closure is due to one of the foregoing causes (subject to its reasonable discretion) and provided further that Franchisee shall re-establish the Franchised Business and be fully operational in such Location or another Location approved by Franchisor within one hundred twenty (120) days after the initial occurrence of the event resulting in such closure or such longer period as Franchisor may permit.

Acting as a Real Estate Broker. The term “Acting as a Real Estate Broker” shall mean all acts that are required under applicable state law to be performed by a licensed real estate broker or a licensed real estate salesperson, and shall also mean, without limitation, the business of listing, offering, selling, exchanging, managing, auctioning, leasing or renting of real estate; representing sellers, purchasers, lessors or renters of real estate in exchange for a fee, commission, or other compensation; or the providing of marketing or consulting services or other fee generating activities with respect to such activities.

Additional Location. The term “Additional Location” shall mean any Location opened pursuant to the terms of this Agreement subsequent to the Effective Date.

Additional Location Fee. The term “Additional Location Fee” is defined in subparagraph 5.01(b) hereof.

Additional Restricted Purpose Location. The term “Additional Restricted Purpose Location” shall mean a Restricted Purpose Location opened pursuant to the terms of this Agreement subsequent to the Effective Date.

Administrative Office. The term “Administrative Office” shall mean an office used by the Franchised Business for purely administrative purposes and the housing of relocation administration personnel only. No use of the Service Marks are permitted except as set forth in the Operations Manual.

Affiliate Integration Process. The term “Affiliate Integration Process” shall mean training in the System provided by Franchisor, as described in paragraph 8.01 hereof.

Anniversary Year. The term “Anniversary Year” shall mean the 12-month period between the first anniversary of the Effective Date and second anniversary thereof and between each succeeding anniversary.

Approved Broker Management System. The term “Approved Broker Management System” is defined in subparagraph 9.02(a) hereof.

Assumed Name. The term “Assumed Name” shall mean the name (or, with Franchisor’s consent, names) under which the Franchisee shall conduct the Franchised Business and shall be a combination of (a) those Service Marks set forth in the Operations Manual to be used in the Assumed Name and (b) a name (or, with Franchisor’s consent, names) selected by Franchisee and approved by Franchisor.

Commercial Property. The term “Commercial Property” shall mean all real property other than real property on which residential structures containing four dwelling units or less are located, or are intended to be located.

Consumer Price Index. The term “Consumer Price Index” shall mean the annual average of the Consumer Price Index for All Urban Consumers, Service Group Only (1982-84 = 100), published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index (as determined by Franchisor) if these figures become unavailable).

Contact Person. The term “Contact Person” shall mean the officer(s), employee(s), member(s), manager(s), principal(s) or other agent(s) of Franchisee designated by Franchisee as the person(s) responsible for those functions set forth in Paragraph 9.07 hereof.

Continuing Royalty. The term “Continuing Royalty” shall mean the continuing royalty described in subparagraph 5.02(a) hereof.

Control. The term “Control” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Depository Checking Account. The term “Depository Checking Account” shall mean any and all accounts opened and maintained by Franchisee as required pursuant to paragraph 9.03 hereof, and as further defined in the Operations Manual, at a bank or other financial institution that is a participating member of the Automated Clearinghouse (“ACH”) network or such other network or system as may be directed by Franchisor.

Designated Equity Holder. The term “Designated Equity Holder” is defined in subparagraph 10.02(b) hereof.

Equity Holder. The term “Equity Holder” is defined in subparagraph 10.02(h) hereof.

Equity Interest. The term “equity interest” is defined in subparagraph 10.02(h) hereof (and is not capitalized herein.)

First Anniversary Year. The term “First Anniversary Year” shall mean the 12-month period following the Effective Date.

Franchised Business. The term “Franchised Business” shall mean Acting as a Real Estate Broker from Locations and Restricted Purpose Locations utilizing the Service Marks, as permitted, except as provided hereinafter or in the Operations Manual. The Franchised Business shall not include:

(a) Acting as a Real Estate Broker with respect to a transaction involving Commercial Property having a gross listing or sales price that exceeds \$25,000,000, which may only be done with Franchisor’s prior written consent. In its sole discretion, Franchisor reserves the right to increase the foregoing \$25,000,000 limit or consent to individual transactions in excess thereof utilizing the Service Marks, and if Franchisor consents thereto, the transaction will be deemed to be within the scope of the Franchised Business (with respect to permitted commercial transactions, Franchisor sets forth in its Operations Manual criteria for Commercial Property leases, exchanges and similar transactions and may impose additional conditions on Acting as a Real Estate Broker with respect to Commercial Property);

(b) engaging in any business related to the development or sale of insurance or insurance related products;

(c) brokerage of certain business opportunities as set forth in the Operations Manual;
or

(d) mortgage brokerage and mortgage origination.

General Manager. The term “General Manager” shall mean the officer, employee, member, manager, principal or other agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed the “Affiliate Integration Program” (if required pursuant to paragraph 8.01 hereof).

Gross Revenues. The term “Gross Revenues” shall mean all money or things of value received or receivable (“receivable” shall mean earned though not yet received) directly or indirectly by Franchisee constituting payment for or on account of the Franchised Business, including, without limitation, commissions, referral fees or other things of value, without deducting Franchisee’s costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to its salespersons or employees. Notwithstanding the foregoing, Gross Revenues shall not include money or things of value received or receivable solely for Residential Property Management Activities.

Initial Franchise Fee. The term “Initial Franchise Fee” is defined in subparagraph 5.01(a) hereof.

Location. The term “Location” shall mean the business premises from which Franchisee conducts the Franchised Business under the Service Marks, regardless of size or number of sales

professionals. Locations shall include Additional Locations, but shall not include Restricted Purpose Locations.

Location Manager. The term “Location Manager” shall mean the officer, employee, member, manager, principal or other agent of Franchisee designated by Franchisee as the person responsible for the day-to-day operation of a Location and who has successfully completed the Affiliate Integration Program (if required pursuant to paragraph 8.01 hereof).

Marketing Fee. The term “Marketing Fee” shall mean the fee or fees described in subparagraph 5.03(a) hereof.

Materials. The term “Materials” shall mean all forms, contracts, agreements, signs, displays, stationery and other items permitted or required by Franchisor to be used in the operation of the Franchised Business.

Network. The term “Network” shall mean the businesses of Franchisor and its franchisees, and Franchisor’s current and prospective relationships with its franchisees, its affiliates and the real estate community.

Operations Manual. The term “Operations Manual” shall mean the manual or manuals (including the Brand Guidelines and other manuals regardless of title) containing policies and procedures to be adhered to by Franchisee in performing under this Agreement, which Operations Manual shall include all amendments and supplements thereto provided to Franchisee from time to time.

Original Locations. The term “Original Locations” shall mean the Locations that are listed in Exhibit ”B” hereto. (Exhibit “B” may also list Restricted Purpose Location(s).)

Referral Fees. The term “Referral Fees” is defined in subparagraph 5.04 hereof.

Residential Property Management Activities. The term “Residential Property Management Activities” shall mean the business of managing real estate on which is located, or intended to be located, residential structures containing four dwelling units or less in exchange for a fee or other compensation. Residential Property Management Activities shall not include any services related to leasing or renting real estate for a period of more than 60 days, or selling real estate of any kind.

Responsible Agent or Broker. The term “Responsible Agent or Broker” shall mean the person designated by Franchisee as its authorized representative for purposes of coordinating the relations between Franchisor and Franchisee.

Restricted Purpose Location. The term “Restricted Purpose Location” shall include Administrative Offices, Subdivision Sales Offices, Service Centers or an information kiosk.

Restricted Purpose Location Fee. The term “Restricted Purpose Location Fee” is defined in subparagraph 5.01(c) hereof.

Sales Professional Orientation. The term “Sales Professional Orientation” shall mean the introduction of Franchisee’s sales professionals to Franchisor’s System and the Network.

Sales Convention. The term “Sales Convention” shall mean the conference described in paragraph 8.04 hereof.

Service Center. The term “Service Center” shall mean an office equipped by the Franchised Business purely for the convenience of its sales professionals as set forth in the Operations Manual. No use of the Service Marks is permitted except as set forth in the Operations Manual.

Service Marks. The term “Service Marks” shall mean those proprietary marks registered with the United States Patent and Trademark Office and certain states, as well as all common law trademarks and service marks, trade names, logo types, insignias, designs and other commercial symbols that Franchisor now or hereafter is authorized to use and does use or authorizes others to use to identify the Franchised Business.

Subdivision Sales Office. The term “Subdivision Sales Office” shall mean a temporary tract sales office within or immediately adjacent to a new homes subdivision or development operated for the sole purpose of selling property in said subdivision or development.

System. The term “System” shall mean a comprehensive marketing and operational system prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Operations Manual, as amended from time to time. The System shall include, among other things, the Service Marks and certain advertising, marketing and sales programs and techniques, referral network, training programs and materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that Franchisor makes available to Franchisee. Franchisor, in its sole discretion, may improve and/or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System, establishing categories or classifications of franchisees and amending the Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials, or local marketing needs and conditions; enhancing the reputation or public acceptance of the System and/or the Network; and/or better serving the public.

Threshold. The term “Threshold” is defined in subparagraph 5.02(b) hereof.

Transfer. The term “Transfer” shall mean to sell, assign, transfer, convey, pledge, mortgage, encumber, abandon, eliminate or give away, voluntarily or involuntarily, by operation of law or otherwise.

III. THE FRANCHISED BUSINESS

3.01 Grant of Franchise

Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a non-exclusive license and franchise to participate in and use the System by conducting the Franchised Business

at the Locations and Restricted Purpose Locations described in Exhibit “B”, or in any amendments hereto, and such Additional Locations and Additional Restricted Purpose Locations as may be approved in strict accordance with this Agreement and the Operations Manual, from the time after commencement of the Franchised Business until the end of the term hereof (“Franchise”). The Franchise applies only to Franchisee’s Locations and Restricted Purpose Locations duly approved by Franchisor in accordance with this Agreement and no other places of business, offices, or types of business. Franchisee acknowledges that Franchisor has granted and may in the future operate and/or grant other licenses and franchises for real estate brokerage businesses and acknowledges that there is no assurance of any kind that any Additional Locations or Additional Restricted Purpose Locations will be available or approved. Franchisee shall retain the right to conduct businesses and perform services other than the Franchised Business without payment of Continuing Royalty or Marketing Fees measured by revenues derived therefrom, but subject to the restrictions on Acting as a Real Estate Broker in any other real estate brokerage business under paragraph 9.13 hereof, and subject to all other applicable provisions of this Agreement and the Operations Manual; PROVIDED, HOWEVER, FRANCHISEE SHALL NOT USE THE SERVICE MARKS (AS DEFINED HEREIN), OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH SUCH BUSINESSES OR SERVICES WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF THE PRESIDENT OR OTHER EXECUTIVE OFFICER OF FRANCHISOR, WHICH PERMISSION, IF GRANTED, SHALL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS.

3.02 No Exclusive Territory

NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO GRANT FRANCHISEE ANY TYPE OF EXCLUSIVE OR PROTECTED TERRITORY. FRANCHISOR MAY OWN, OPERATE, FRANCHISE OR LICENSE OR IN ANY OTHER MANNER AUTHORIZE THE LOCATION AND OPERATION OF OTHER REAL ESTATE BROKERAGE BUSINESSES AT ANY LOCATION WHATSOEVER, AND NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO LIMIT, CONTROL, OR PREVENT SUCH RIGHT. Franchisee acknowledges that in the exercise of the rights expressly reserved to Franchisor under this Franchise Agreement, it is likely that Franchisor will open, or authorize others to open, additional real estate brokerage office locations with respect to which Franchisee has no right or interest; that such market development is an integral part of the marketing concept underlying Franchisor’s business and the development of the Network.

3.03 Reserved Rights

This Franchise Agreement authorizes the operation of specific real estate brokerage office locations utilizing the System within the framework of rights and obligations established by the terms of this Franchise Agreement including, in particular, the provisions of this Franchise Agreement defining and limiting the rights granted to Franchisee and the rights retained by and/or reserved to Franchisor. Nothing contained herein shall accord Franchisee any right, title or interest in or to the Service Marks, the System, operational techniques, service concepts,

proprietary information or goodwill of Franchisor, except to the extent that the right to use such proprietary rights has been specifically granted hereunder.

Franchisee acknowledges and agrees that Franchisor, HSF Affiliates LLC and HomeServices, and any present or future affiliates of either, are now, or may in the future be, engaged in a wide variety of business activities, some of which may now or in the future be located near a Location, Restricted Purpose Location, Additional Location or Additional Restricted Purpose Location or within the same marketing areas serviced by the Franchised Business. Without limitation such activities may include the acquisition, sale, financing and/or operation of improved or unimproved real property, and offering consumers and/or businesses, products and services in connection with such transactions. Franchisor reserves the right to engage in any activities for the purpose of attracting customers and business directly to Franchisor, HSF Affiliates LLC, HomeServices and any present or future affiliates of either, and Franchisee further acknowledges that such activities may be competitive with Franchisee's real estate brokerage offices, by reason of location, marketing areas, potential customers or other factors.

NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO RESTRICT IN ANY WAY THE RIGHT OF FRANCHISOR, HSF AFFILIATES LLC, HOMESERVICES OR ANY OF THEIR AFFILIATED ENTITIES, NOW OR IN THE FUTURE, TO ENGAGE IN ANY BUSINESS ACTIVITIES WHATSOEVER, WITHOUT LIMITATION AS TO LOCATION; TO EXERCISE ALL RIGHTS AND REMEDIES TO PROTECT OR ENFORCE THEIR RESPECTIVE INTERESTS IN THE SERVICE MARKS; AND TO USE SUCH MARKS AND OTHER PROPRIETARY RIGHTS IN ITS OTHER BUSINESS ACTIVITIES WITHOUT LIMITATION. Franchisee acknowledges that there are numerous economic, demographic, competitive and other market factors that may change the character and extent of customer demand for the services of real estate brokerage offices authorized hereunder. The economic effects of all the foregoing are understood by Franchisee to be elements of the business risk accepted by Franchisee in the operation of real estate brokerage offices under this Franchise Agreement. Franchisor shall not be liable to Franchisee for any damages or loss of sales or profits (if any) based on actual or anticipated adverse consequences to Franchisee that may result from Franchisor's continuing activities in the development of the System or other exercise of Franchisor's reserved rights.

Franchisee acknowledges that commercial and residential activities represent separate markets, business opportunities and activities. Franchisor reserves the right to establish and operate a separate franchise network for commercial real estate brokerage. If Franchisor elects to operate a separate franchise network for commercial real estate brokerage, Franchisor will evaluate commercial and residential activities separately in the operation of the System, placement of offices, and granting of franchises. This may result in Franchisor granting separate residential and commercial franchises within a specific geographic market area.

For the sake of clarity, all rights not specifically granted to Franchisee herein are reserved by Franchisor, and Franchisee covenants, accepts and agrees that (a) Franchisor may exercise all such reserved rights without notice to Franchisee, and (b) Franchisee shall not take any action,

including, without limitation, asserting any cause of action in a court of law or equity, which may interfere with the exercise of any rights of Franchisor.

3.04 Insurance Business

Franchisee shall not during the term hereof, operate, manage, own, assist or hold an interest, direct or indirect (as an employee, officer, director, shareholder, member, manager, partner, joint venture or otherwise), in any business related to the development or sale of insurance or insurance related products, without the express prior written consent of Franchisor, which consent may be granted or denied in Franchisor's sole discretion. Further, neither Franchisee nor any of its directors, officers, employees, members, managers, shareholders or principals shall refer insurance business to any entity without the express prior written consent of Franchisor. Such consents shall be conditioned on the continuing compliance by the Franchisee, its directors, officers, employees, members, managers, shareholders and principals, and the party to whom insurance referrals are made, with the Franchisor's insurance sales practice guidelines as they exist now or hereafter may be amended. This paragraph 3.04 shall apply, without limitation, to each equity holder directly or indirectly owning ten percent or more of the equity interest in Franchisee.

3.05 Area and Scope of Operation

Franchisee shall only operate its Franchised Business from its Locations and Restricted Purpose Locations, in each case subject to approval by Franchisor in its sole discretion. Franchisee shall (a) use its best efforts to diligently and effectively promote, market and engage in the Franchised Business, (b) develop, using best efforts, the potential for the Franchised Business from each of Franchisee's Locations and Restricted Purpose Locations, as permitted, and (c) devote and focus all of its attentions and efforts to such promotion and development; provided that Franchisee shall not seek to promote and develop the Franchised Business outside the geographic areas serviced by its Locations and Restricted Purpose Locations, as permitted, as determined by Franchisor from time to time in its sole judgment. Franchisor reserves the right to designate one or more effective service areas ("ESAs") to define the geographic area served by Franchisee using such criteria as determined by Franchisor from time to time. ESAs may be assigned to more than one franchisee of Franchisor at the same time and do not give Franchisee any exclusivity rights or protected territory rights.

Franchisee shall only make referrals from the geographic areas serviced by Franchisee's Locations and Restricted Use Locations as determined by Franchisor from time to time in its sole judgment and shall not seek to develop referrals originating outside such areas for properties located outside such areas. Franchisor may, at its sole discretion, grant waivers with respect to this provision. Any waiver of rights hereunder shall be evidenced only by a writing signed by an authorized officer of Franchisor.

IV. LOCATION OF BUSINESS

4.01 The Original Locations

Subject to paragraphs 4.02 and 4.03 hereof, the Franchised Business shall only be operated from the Original Locations and Restricted Purpose Locations listed in Exhibit “B”, and any amendments hereto (including the address and telephone number for each Original Location and Restricted Purpose Location) and any Additional Locations and Additional Restricted Purpose Locations.

4.02 Permission to Close or Relocate

If Franchisee desires to close or relocate one or more but not all of its Locations, or if Franchisee desires to relocate a Restricted Purpose Location, it must first request and obtain Franchisor’s written consent. The following procedures set forth the means for Franchisee to apply for Franchisor’s consent:

(a) Not less than thirty (30) days prior to the desired date of closing or relocation (unless prior notice is impractical because of a required closing or relocation in which event notice shall be made as soon as possible), Franchisee must make a written request for consent to close or relocate, describing the reasons for the closing or relocation and providing details respecting any proposed new location as shall be specified in the Operations Manual.

(b) Within twenty-one (21) days after receiving Franchisee’s request, Franchisor shall either approve or disapprove in writing such closure or relocation in its sole discretion. If Franchisor does not approve the request within twenty-one (21) days, the request shall be deemed not approved. In the event of disapproval of a relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this paragraph 4.02.

If Franchisor consents to the closing of a Location and, in connection therewith, Franchisee is thereafter permitted to open an Additional Location, then Franchisor shall waive the Additional Location Fee otherwise required under paragraph 5.01 hereof; provided that the Franchise Fee or Additional Location Fee for the closed Location had not been waived and had been paid in full by Franchisee.

4.03 Additional Locations

If Franchisor, in its sole discretion, determines that there is an appropriate opportunity for Franchisee to open an Additional Location at a place or places adjacent to or reasonably proximate to the Locations or Restricted Purpose Locations then being operated by Franchisee, Franchisor may, but is not obligated to, grant to Franchisee the right to open one or more Additional Locations, provided Franchisee shall not then, or at any time thereafter prior to the opening of such Additional Locations, be in default of any of its obligations arising pursuant to this Agreement.

If Franchisee desires to open an Additional Location or Additional Restricted Purpose Location, it shall first submit to Franchisor a written request for approval of each proposed

Additional Location or Additional Restricted Purpose Location, containing such information as shall be specified in the Operations Manual. Within thirty (30) days after receiving such request, Franchisor shall approve or disapprove such Additional Location or Additional Restricted Purpose Location. If Franchisor does not approve the request within thirty (30) days, the Additional Location or Additional Restricted Purpose Location shall be deemed not approved. If Franchisor approves, upon Franchisee's payment of the required fee (if any) specified in subparagraph 5.01(b) below, said Additional Location or Additional Restricted Purpose Location shall be effective as of the date approved by Franchisor for Franchisee to commence the Franchised Business at such Additional Location or Additional Restricted Purpose Location.

If Franchisee wishes to ascertain current information as to whether there may be an appropriate opportunity for a particular Additional Location or Additional Restricted Purpose Location, Franchisee shall submit an inquiry to Franchisor in writing. The response to such inquiry shall set forth Franchisor's views as of the date of the response, but is subject to change and shall not be construed as granting approval of an Additional Location or Additional Restricted Purpose Location or as authorizing any action by the inquiring Franchisee.

Franchisee acknowledges that Franchisor and Franchisee have not had any discussion regarding possible Additional Locations or Additional Restricted Purpose Locations or opportunities to open Additional Locations or Additional Restricted Purpose Locations except as set forth in writing in the Statement of Prospective Franchisee signed by Franchisee in connection with this Agreement.

V. PAYMENTS BY FRANCHISEE

5.01 Franchise Fees

(a) Concurrently upon Franchisee's execution of this Agreement, Franchisee shall pay to Franchisor an "Initial Franchise Fee" comprised of (i) Twenty-Five Thousand Dollars (\$25,000) for its first Location, (ii) Two Thousand Five Hundred Dollars (\$2,500) for each of Franchisee's other Locations and (iii) One Thousand Dollars (\$1,000) for each of Franchisee's Restricted Purpose Locations.

(b) For each Additional Location, Franchisee shall pay to Franchisor an "Additional Location Fee" equal to Two Thousand Five Hundred Dollars (\$2,500).

(c) For each Additional Restricted Purpose Location, Franchisee shall pay an initial "Additional Restricted Purpose Location Fee" equal to One Thousand Dollars (\$1,000).

(d) For purposes of payment of the Initial Franchise Fee described in the preceding subparagraph 5.01(a), a Restricted Purpose Location shall not be deemed an Original Location. However, for purposes of reporting to Franchisor Continuing Royalty payable on transactions as permitted to be conducted from such Restricted Purpose Locations, Gross Revenues attributable to such transactions shall be reported to Franchisor utilizing an Approved Broker Management System as Franchisor may direct.

(e) The Initial Franchise Fee is a non-refundable and fully-earned in consideration of Franchisor’s lost or deferred opportunity to enter into a similar agreement with another party(ies), and for Franchisor’s administrative and other expenses incurred in granting the Franchise.

5.02 Continuing Royalty

(a) In addition to the Initial Franchise Fee and any other fees payable pursuant to paragraph 5.01, commencing on the Effective Date of this Agreement, Franchisee shall pay to Franchisor a Continuing Royalty equal to percentages of certain Gross Revenues derived from the Franchised Business during Franchisee’s First and succeeding Anniversary Years, as set forth in the following schedule:

| SCHEDULE | | |
|----------------|--------------|--------------------|
| Greater Than | To | Continuing Royalty |
| \$ 0 | \$ 1,650,000 | 6.00% |
| 1,650,000.00 | 3,000,000 | 5.50% |
| 3,000,000.00 | 5,000,000 | 4.50% |
| 5,000,000.00 | 7,500,000 | 4.00% |
| 7,500,000.00 | 10,000,000 | 3.75% |
| 10,000,000.00 | 15,000,000 | 3.50% |
| 15,000,000.00 | 20,000,000 | 3.00% |
| 20,000,000.00 | 25,000,000 | 2.75% |
| 25,000,000.00 | 50,000,000 | 2.50% |
| 50,000,000.00 | 100,000,000 | 2.25% |
| 100,000,000.00 | and greater | 2.00% |

(b) The Continuing Royalty payable during the First and succeeding Anniversary Years shall be adjusted when certain thresholds (“Thresholds”) are met. The Continuing Royalty percentages will apply only to the Gross Revenues between the two Thresholds set forth next to each percentage in the above Schedule. By way of example only, if Franchisee’s Gross Revenues during an Anniversary Year were \$2,150,000 according to the Schedule, Franchisee would pay 6.00% on the first \$1,650,000 of Gross Revenues (or \$99,000), and 5.50% on the remaining \$500,000 of Gross Revenues (or \$27,500), for a total Continuing Royalty of \$126,500 for such Anniversary Year.

(c) For purposes hereof, Gross Revenues shall be deemed to commence at \$0 on the Effective Date and on the first day of each Anniversary Year thereafter.

(d) In its sole discretion, Franchisor shall have the right to reduce a Threshold and upon not less than 30 days’ prior written notice, to restore the Threshold to an amount that shall not exceed the maximum Thresholds specified in the schedule above, as adjusted annually by the Consumer Price Index.

(e) As further provided pursuant to paragraph 9.02 hereof, beginning on the Effective Date and continuing until the date of expiration or termination of this Agreement, Franchisee

shall report to Franchisor's designated computer system (on a periodic basis as set forth in the Operations Manual) the Gross Revenues earned by Franchisee (i) upon consummation of the sale (notwithstanding that funds have not been exchanged) or close of escrow on all transactions entered into by Franchisee on or after the Effective Date ("entered into" shall be deemed to mean the taking by Franchisee of any action in respect of the transaction that consequently vests in it a right to receive payment) or (ii) upon the conclusion of other services rendered by Franchisee resulting in the generation of Gross Revenues. The Continuing Royalty on such Gross Revenues shall be payable on the business day following the day on which such Gross Revenues are required to be reported pursuant to the Operations Manual. Upon expiration or termination of this Agreement, the Continuing Royalty shall remain payable as to all transactions entered into or contracts made prior to the date of such expiration or termination, and Franchisee shall continue to maintain the Depository Checking Account described in paragraph 9.03 until such time as all outstanding sums due Franchisor have been collected from the Depository Checking Account by Franchisor. Franchisee shall deposit the Continuing Royalty into the Depository Checking Account immediately when payable under this subparagraph or the following subparagraph hereof. Franchisee's Continuing Royalty shall be paid to Franchisor regardless of the type of consideration received by Franchisee. In circumstances involving non-cash Gross Revenues, the method and timing of payment of Continuing Royalty may be varied in Franchisor's sole discretion and said non-cash Gross Revenues will be valued at its then fair market value (in the case of a promissory note, its then fair market value shall be equal to the stated face value of the note). Franchisor shall have the right, in its sole discretion, to reduce the Continuing Royalty rate.

(f) Notwithstanding the preceding subparagraph, at Franchisee's option, said Continuing Royalty shall not be immediately payable on Gross Revenues not yet received by Franchisee, if payment of all or a portion of the commission earned is deferred pursuant to a written agreement; in which case the Continuing Royalty shall be payable upon the actual receipt directly or indirectly of said commission, or portion thereof, by the Franchisee. For purposes of calculating Continuing Royalty Thresholds (subparagraphs 5.02(a) and (b) hereof), deferred commissions shall be included in Gross Revenues only upon receipt.

(g) No Continuing Royalty shall be payable with respect to commissions or referral fees arising from transactions subject to a binding written agreement prior to the date hereof. Continuing Royalty shall be payable upon any termination or expiration of this Agreement with respect to commissions or referral fees receivable in connection with any binding written agreement then in effect. For purposes of this subparagraph, a listing agreement shall not be deemed to be a "binding written agreement".

(h) For each Anniversary Year following the First Anniversary Year, Franchisee's minimum Continuing Royalty will be equal to Fifteen Thousand Dollars (\$15,000). If Franchisee fails to pay the minimum Continuing Royalty in any Anniversary Year, Franchisor shall, following the end of such Anniversary Year, notify Franchisee of the amount by which Franchisee has failed to meet the minimum Continuing Royalty. Franchisee shall pay to Franchisor such amount within thirty (30) days after receipt by Franchisee of such notice.

5.03 Marketing Fee

(a) Franchisee shall pay to Franchisor a monthly Marketing Fee equal to an amount calculated based on Gross Revenues, as set forth in the following table, but not less than \$500 per month.

| Gross Revenues From | Gross Revenues To | Marketing Fee |
|--------------------------------|------------------------------|--------------------------|
| \$0 | \$1,000,000 | 1.00% |
| \$1,000,000 | \$5,000,000 | 0.75% |
| \$5,000,000 | \$10,000,000 | 0.50% |
| \$10,000,000 | \$100,000,000 | 0.25% |
| \$100,000,000 | and greater | 0.15% |

(b) The Marketing Fee is payable in arrears on the first day of each month and shall be collected by Franchisor from the Depository Checking Account on the fifth business day of the month following the month in which the Gross Revenues upon which the Marketing Fee is based were earned. The Marketing Fee will be calculated as a percentage of the Gross Revenues derived from the Franchised Business during the month for which the Marketing Fees are due. The percentage to be used in the calculation of the monthly Marketing Fee is determined by the cumulative amount of Gross Revenues reported by Franchisee to Franchisor from the most recent anniversary of the Effective Date through the last day of the month for which the Marketing Fee is due. The percentage used will be adjusted when the Thresholds set forth in the table in subparagraph 5.03(a) are reached. By way of example only, if in the current Anniversary Year, Franchisee's to-date Gross Revenues are \$1,050,000, and Franchisee reported \$100,000 in Gross Revenues for the applicable month, then the Marketing Fee for that month would be calculated as the sum of 1.00% of the first \$50,000 of Gross Revenues (or \$500) plus 0.75% of the next \$50,000 of Gross Revenues for the month (or \$375), for a total Marketing Fee of \$875 for that month. Marketing Fees are the property of Franchisor and may be deposited by Franchisor into its general operating account.

(c) On a System-wide basis, Franchisor may impose an additional assessment upon all of its franchisees for special designated advertising, marketing, or promotional activities (so long as such assessment is not in substance merely an increase in the general Marketing Fee referred to in subparagraph 5.03(a) hereof), if System franchisees owning two-thirds of all of its franchised Locations agree to such additional assessment by affirmative vote.

(d) In its sole discretion, Franchisor shall have the right to reduce the Marketing Fee set forth in subparagraph 5.03(a) above and, upon not less than 30 days' prior written notice, to restore said Marketing Fee to an amount that shall not exceed the Marketing Fee specified in subparagraph 5.03(a) above, as adjusted in accordance with the Consumer Price Index.

(e) Franchisor, in its sole discretion, shall expend, for the purposes of international, national, regional or local advertising, cooperative advertising, marketing, market research, public relations, promotional campaigns and other programs designed to promote and enhance the value of the System, the Service Marks and general public recognition and acceptance

thereof worldwide, an amount equal to (i) the aggregate Marketing Fees collected from all of its franchisees less (ii) actual administrative expenses with respect to all advertising, market research, public relations and promotional campaigns, which aggregate administrative expenses shall not exceed 15% of the annual aggregate Marketing Fees received or receivable by Franchisor, and Franchisor's actual advertising production costs. Marketing Fees may be used for, and Franchisor's reimbursable administrative expenses may include, expenses incurred for training, customer service support, and software development and distribution. Franchisor and its affiliates are entitled to reimbursement for expenses incurred or advanced to administer and manage such advertising, marketing, market research, public relations and promotional campaigns, including, but not limited to, the reasonable costs of accounting, collection, and legal services, as well as other products or services which historically have been provided by unaffiliated third parties, and the cost for employees administering, managing and providing services related to such activities. Franchisor is under no obligation to use all Marketing Fee contributions in the year they are received, and any unspent Marketing Fee contributions may be accumulated for use in future years.

(f) No interest on unexpended Marketing Fees shall be imputed for the benefit of, or payable to, Franchisee and no interest on Franchisor expenditures in excess of Marketing Fees collected shall be imputed for the benefit of, or payable to, Franchisor.

(g) Franchisor shall determine the cost, form of media, content, format, production, timing (including international, national, regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns. Franchisor is under no obligation to use or allocate Marketing Fees on a proportional basis. Franchisee acknowledges that expenditures of Marketing Fees are intended to benefit the entire Network, and may not benefit Franchisee directly.

(h) On or before March 31 of each year, Franchisor shall deliver to Franchisee a statement of receipts and expenditures of the aggregate Marketing Fees relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

(i) Franchisor shall have no liability for any act or omission with respect to the collection or use of Marketing Fees that is consistent with this Agreement or is otherwise performed by Franchisor in good faith.

5.04 Referral Fees

Franchisee shall pay to Franchisor an annual Referral Fee of Thirty-Five Dollars (\$35.00) per full-time sales associate and full-time sales associate equivalent; provided that Franchisee's minimum annual fee shall be Seven Hundred Fifty Dollars (\$750.00) and Franchisee's maximum annual fee shall be Seven Thousand Five Hundred Dollars (\$7,500.00). In the event this Agreement is terminated prior to its natural expiration date and Franchisee is in good standing at the time, Franchisor shall refund to Franchisee the appropriate pro-rata share of the annual fee previously paid to Franchisor.

5.05 Late Charge

All delinquent payments of any sums due Franchisor shall bear interest from the date due until paid at the rate of 12.5% per annum or the highest rate permitted by law, whichever is lower.

5.06 No Accord or Satisfaction

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt shall be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

5.07 Taxes Upon Payments to Franchisor

Should any sales and/or service tax be imposed upon payments made by Franchisee to Franchisor hereunder, Franchisee agrees to pay such amounts to Franchisor.

VI. TERM

6.01 Initial Term

The initial term of this Agreement shall be _____ years from the Effective Date hereof, unless sooner terminated pursuant to the provisions of this Agreement.

6.02 No Renewal Rights

Franchisee shall have no renewal rights under this Agreement. The tender or acceptance of payments from Franchisee by Franchisor after expiration or termination of this Agreement shall neither prejudice Franchisor's rights to enforce the expiration or termination of Franchisee's obligations upon expiration or termination, nor create any additional rights in Franchisee's favor under this agreement. Following expiration or termination, any continued use of the Service Marks by Franchisee, the Franchised Business, or any of its sales associates will constitute willful and knowing infringement, dilution of Franchisor's trademark rights and unfair competition.

6.03 Notice of Expiration Required by Law

If applicable law requires that Franchisor give a notice of expiration to Franchisee prior to the expiration of the term, Franchisor will give such required notice. If Franchisor does not give such required notice, this Agreement shall remain in effect on a month-to-month basis only until Franchisee has received such required notice.

VII. SERVICE MARKS

7.01 License

Franchisor hereby grants to Franchisee the non-exclusive right during the term hereof to use and display the Service Marks in accordance with the provisions contained herein and in the Operations Manual, solely in connection with the operation of the Franchised Business. This license is for use of the Service Marks within the United States of America only. Franchisor's consent and authorization must be obtained prior to Franchisee's use of the Service Marks in any form whatsoever outside the United States. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services provided by Franchisee in connection with which the Service Marks are used. Franchisee agrees to be responsible for and supervise all of its employees and agents in order to ensure the proper use of the Service Marks in compliance with this Agreement. Franchisee shall use the Service Marks solely in connection with the Franchised Business and shall not use or display the Service Marks in connection with the operation of any business, the performance of any other service or the conduct of any real estate or other activity outside the scope of the Franchised Business. The foregoing prohibition shall include, but not be limited to, the use or display of the Service Marks in connection with the brokerage or property management of Commercial Property not included within the definition of the Franchised Business and the rendering of mortgage brokerage, appraisal, financial or insurance services. Franchisee agrees that all of Franchisee's use of the Service Marks under this Agreement inures to the benefit of Franchisor. Nothing herein shall give Franchisee any right, title or interest in or to any of the Service Marks, except a mere privilege and license during the term hereof to display and use the same strictly according to the limitations provided in this Agreement and the Operations Manual. Franchisee agrees that all artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Service Marks that may be created by Franchisee, its employees, agents and subcontractors and any other party with whom it may contract to have such materials produced pursuant to this Agreement shall become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its directors, officers, partners, employees, shareholders, managers, members, principals, agents, subcontractors and any other party with whom it may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Service Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee shall consent in writing to the cancellation and shall join in any cancellation petition. The expense of any of the foregoing recording activities shall be borne by Franchisor.

7.02 Use of Service Marks in Electronic Commerce

All use of the Service Marks used in electronic commerce, which includes all forms of electronic or computer communication except traditional television and radio, will be in accordance with the terms of the Operations Manual. Franchisor may require that various types of electronic marketing or advertising utilize a specific template or format. Franchisor shall

register, own and control any web site address, domain name, or uniform resource locator (collectively, "Domain Name") containing the Service Marks or any permitted variation thereof which is used by Franchisee in the conduct of the Franchised Business. Franchisee shall not license or register any Domain Name using the Service Marks, any Domain Name using an abbreviation of the Service Marks, or any Domain Name using any mark, images or words that are confusingly similar to any Service Marks. Should Franchisee wish to utilize any Domain Name(s) containing the Service Marks in or for electronic commerce, including Internet or web site addresses, e-mail addresses and domain names, Franchisee must obtain Franchisor's prior written approval of such Domain Name(s), which approval shall be in Franchisor's sole discretion. Franchisee shall reimburse any costs incurred by Franchisor relating to the initial registration and subsequent maintenance of any Domain Name(s). Franchisee agrees to operate its website(s) in strict accordance with the Franchise Agreement, the Operations Manual, and the Brand Guidelines of Franchisor. The only Service Marks that may be used by Franchisee in Internet or web site addresses, e-mail addresses and domain names for the Franchised Business are "Berkshire Hathaway HomeServices" and any permitted derivation thereof, which must only be used in accordance with the terms of the Brand Guidelines and Operations Manual. These two Service Marks may only be used in Internet or web site addresses, e-mail addresses and domain names for the Franchised Business itself. The Service Marks may not be registered or used by any employees or agents of Franchisee in individual Internet or web site addresses, e-mail addresses and domain names at any time. Franchisee agrees to be responsible for and supervise the creation of any Internet or web site addresses, e-mail addresses and domain names by any of its employees and agents in order to ensure compliance with this prohibition.

7.03 Acts in Derogation of the Service Marks

(a) Franchisee agrees that as between Franchisor and Franchisee, the Service Marks are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's franchised or licensed use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Service Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisor and Franchisee, shall remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement. Franchisee acknowledges that the material and information now and hereafter provided and/or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Operations Manual) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor and the owner of the Service Marks, respectively, expressly reserve all rights with respect to the Service Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Operations Manual. Franchisor shall disclose its trade secrets to Franchisee by loaning to Franchisee for the term of this Agreement manuals and other written materials containing the trade secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee acknowledges that Franchisor is the sole owner of all proprietary information and trade secrets; that such information is being imparted to Franchisee only by

reason of its special status as a Franchisee of the System; and that the trade secrets are not generally known to the real estate brokerage industry or public at large and are not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that it shall acquire no interest in the trade secrets, other than the right to utilize them in the development and operation of the Franchised Business during the term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets except as expressly permitted by this Agreement shall constitute an unfair method of competition and that Franchisor shall suffer irreparable injury thereby. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the Service Marks, either during the term of this Agreement or thereafter, and that it will use same only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and its employees and agents will not engage in any acts or conduct that impair the goodwill associated with the Service Marks or reflects poorly on Franchisor.

(b) In connection with the operation of the Franchised Business, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on its letterheads, business forms, and at the Locations and other authorized business sites, in all of its business dealings related thereto and to the general public, it will identify the Franchised Business under an Assumed Name, or Assumed Names, approved by Franchisor, together with the words “AN INDEPENDENTLY OWNED AND OPERATED FRANCHISEE OF BHH AFFILIATES, LLC”, or such other similar designation as shall hereafter be prescribed by Franchisor, all in such form, size and style as shall be prescribed in the Operations Manual. In its sole discretion, Franchisor retains the right to deny the use of certain words or phrases in an Assumed Name. Franchisee shall file and keep current a “Fictitious Business Name Statement” (or similar document) with respect to any Assumed Name in the county or other designated region in which Franchisee is conducting business and at such other places as may be required by law. Prior to commencing business under the Service Marks, Franchisee shall supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names and, if applicable, the rules and regulations of the National Association of Realtors respecting use of any of their registered marks. The total appearance of any Assumed Name and other identifying words must be approved, in advance, by Franchisor. Franchisee further agrees that it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, affiliate, division, shareholder, partner, joint venturer, agent or employee of Franchisor or other owner of the Service Marks or (iii) any of Franchisor’s other franchisees. If Franchisee is a corporation or limited liability company, Franchisee shall not use in its corporate or entity name either the Service Marks or any words confusingly similar thereto, or the term “Realtor”, which is a registered mark of the National Association of Realtors. This paragraph 7.03 is not intended by the parties hereto to afford the National Association of Realtors any rights as a third party beneficiary.

7.04 Use and Modification of Service Marks

At its sole expense, Franchisee shall replace the signage and materials of the existing Locations with signage and materials bearing the Franchisor’s Service Marks within 90 days of the Effective Date.

Franchisor may add to, substitute or modify any or all of the Service Marks from time to time, by either (i) a directive in the Operations Manual, or (ii) immediately, upon written notice if Franchisor is required by law to substitute or modify the Service Marks. Franchisee shall accept, use, display, or cease using, as may be applicable, the Service Marks, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and shall within 30 days of receiving notification, commence to implement such changes, at its expense, and use its best efforts to complete such changes as soon as practicable. On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Service Marks and Assumed Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

7.05 Use of Other Trademarks

Franchisee shall not use or display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than an Assumed Name (i) in any advertisement that contains the word "Berkshire Hathaway HomeServices" or any other Service Marks, (ii) in or on any Location or place of business of Franchisee in any manner that is reasonably visible from outside such Location or place of business, (iii) in any form of electronic commerce, or (iv) in any computer system used at any Location or place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that such other trademarks, trade names, service marks, insignias or logo types or the products or services with which they are associated are owned or offered by the Franchisor or its affiliates, except as otherwise expressly permitted herein or in the Operations Manual.

7.06 Prohibition Against Disputing Franchisor's Rights

Franchisee agrees that it will not, during or after the term of this Agreement, in any way, dispute or impugn the validity of the Service Marks licensed hereunder, or the rights of Franchisor thereto, or the right of Franchisor or other franchisees of Franchisor to use the same during the term of this Agreement or thereafter.

7.07 Service Mark Infringement Claims and Defense of Service Marks

In the event Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor, HomeServices or their affiliates on account of any alleged infringement, unfair competition or similar matter arising from its use of the Service Marks in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Franchisee shall have no power, right or authority to settle or compromise any such claim, suit or demand by a third party without the prior written consent of Franchisor. Franchisor shall defend, compromise or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor or the owner of the Service Marks, and Franchisee agrees to cooperate fully in such matter. Franchisor shall indemnify and hold harmless Franchisee from and against any and all judgments

resulting from any such claim, suit or demand arising from Franchisee's use of the Service Marks in accordance with the terms of this Agreement. Franchisor shall have the sole discretion to determine whether a similar trademark or service mark being used by a third party is confusingly similar to the Service Marks being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark.

7.08 Display of Service Marks Material Consideration

Franchisee acknowledges that a material consideration in Franchisor's decision to award this franchise is the agreement of Franchisee to use and promote the Service Marks in conformance with the Operations Manual and the terms of this Agreement. Franchisee agrees that, should it for any reason fail to use and promote the Service Marks in accordance with the terms of this Agreement, in addition to the other rights and remedies available to Franchisor for this and other breaches of this Agreement, Franchisee agrees to pay to Franchisor as liquidated damages and not as penalty, an amount equal to the total Continuing Royalty due and payable by Franchisee to Franchisor for the two Anniversary Years immediately preceding Franchisee's failure to comply with the terms of this paragraph.

VIII. INSTRUCTION AND OPERATING ASSISTANCE

8.01 Affiliate Integration Process.

Franchisor shall provide training for integration into the System to the Location Managers and other responsible management persons designated by Franchisee for each Original Location during the Affiliate Integration Process. Within 15 days after the date this Agreement is executed Franchisor shall commence transition consultation and integration support for Franchisee. Training shall be conducted within 60 days after the Effective Date, and be for such duration and at such time and place as Franchisor shall determine. Such Location Managers and designated persons must complete the Affiliate Integration Process within 60 days after the Effective Date, except as otherwise provided in writing by Franchisor. In its discretion, Franchisor may require the General Manager or other principals of Franchisee to participate in the Affiliate Integration Process. Franchisor reserves the right to limit the number of attendees at the Affiliate Integration Process to one responsible person for each Original Location.

8.02 Franchisee and Sales Professional Orientation.

Franchisor may, at Franchisor's sole discretion, provide to Franchisee and its sales Professionals an orientation to the Franchisor's products, tools and services either (i) at a single location to be provided by Franchisee at its cost and expense, in one of Franchisee's Locations or such other location as is reasonably selected by Franchisee, or (ii) via an online meeting or other means of electronic communication selected by Franchisor. Franchisor shall provide materials and presentations to introduce Franchisee's sales professionals to Franchisor's System and the Network. Franchisee, in addition to providing any physical location, shall provide refreshments, if any, at its cost and expense.

8.03 Staff Training Courses

(a) Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion.

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences or other programs other than the Affiliate Integration Program that are deemed by Franchisor to be relevant or appropriate to the successful operation of the System. Fees may be charged by Franchisor for required training courses, seminars, conferences or other programs.

(c) In connection with any staff training courses described in subparagraphs 8.03(a) and 8.03(b) above, Franchisee shall pay the travel, hotel and meal expenses for Franchisee's attendees.

8.04 Sales Convention

Periodically, Franchisor will arrange a business conference for all of its franchisees (the "Sales Convention") at which franchisees may participate in various programs with Franchisor and other franchisees. Franchisee shall purchase one Sales Convention full registration package for each of its Locations for each Sales Convention Franchisor arranges. On or about the first of each year, if a Sales Convention is to be held that year, Franchisor shall automatically deduct the cost of such registration from Franchisee's Depository Checking Account. All of Franchisee's management and sales professionals are strongly encouraged but not required to attend each Sales Convention that is made available.

8.05 Continuing Assistance

Franchisor shall provide such periodic assistance, as it deems appropriate, utilizing Franchisor's representatives who shall contact or visit the franchised Locations from time to time. The frequency and duration of such contacts or visits to Locations by representatives of Franchisor shall be in the sole discretion of Franchisor. In addition, Franchisor will be available on an ongoing basis for consultation and guidance with respect to the operation and management of the Franchised Business. In its sole discretion, Franchisor, from time to time, also may make available an operations review of the Franchisee's business operations based on information provided by the Franchisee. The operations review will be no more frequent than one per year. In addition to the Operations Manual, Franchisor may from time to time provide Franchisee with additional materials relating to the Franchised Business.

8.06 Proprietary Materials

At the Franchisee and Sales Professional Orientation, Affiliate Integration Process, or other training programs (if any), Franchisor may provide to Franchisee proprietary information, training materials, training curricula and related Materials for use in connection with the training of Franchisee's staff. Such items are and shall remain the property of Franchisor. Franchisor may also from time to time make available to Franchisee for purchase Materials relevant to the

System and the Franchised Business. Franchisee shall not, and shall not allow its employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any of the foregoing proprietary information and related Materials without Franchisor's express prior written consent.

8.07 Timing

Franchisee acknowledges that Franchisor's ability to provide the training, continuing assistance and other services provided for under Article VIII and Article IX hereof promptly following the Effective Date may be affected by various factors including the number of Locations being operated by Franchisee and the number of franchisees being incorporated into the Network at substantially the same time. Franchisor shall establish a reasonable schedule to provide such services taking such factors into account and shall exercise commercially reasonable efforts to provide such services within the times otherwise provided hereunder.

8.08 Response to Consumer Complaints

Franchisee agrees to respond to consumer and/or customer complaints as required by the Operations Manual, which among other requirements imposes upon Franchisee an obligation to work with Franchisor to respond reasonably to consumer or customer complaints.

IX. OPERATION OF BUSINESS

9.01 Franchisee Operational and Staff Requirements

(a) Franchisee shall operate an Approved Broker Management System pursuant to paragraphs 9.02(b) and 9.02(c) hereof in a competent manner and failure to do so constitutes a material breach of this Agreement.

(b) All Locations, including Restricted Purpose Locations, shall remain open on a full-time and continuous basis, except as caused by acts of God or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money).

(c) Once a Location is Abandoned, it may not be reopened by Franchisee except as a new Additional Location, after compliance with all procedures and payment of fees applicable to Additional Locations.

(d) Franchisee shall provide Franchisor with an estimate of the period of operation of each Subdivision Sales Office and a summary of any other pertinent details requested by Franchisor. A Subdivision Sales Office may be established by Franchisee only upon the written consent of Franchisor, which consent shall not be unreasonably withheld but which consent may be subject to certain conditions at commencement of operations or any time thereafter, including (i) limitations on the authorized period and scope of operation and (ii) a requirement to operate and utilize an Approved Broker Management System or such other real estate software system specified in the Operations Manual for use in Subdivision Sales Offices.

(e) Franchisee acknowledges that the System provides the opportunity to participate in a referral network, supported by Franchisor that promotes broker-to-broker referrals of

business on a nationwide basis between Franchisee and other franchisees in the System as well as certain programs to generate referral activity and agrees that Franchisee is obligated to observe all terms, conditions and general referral policies as set forth in the Operations Manual.

9.02 Reporting and Computer Software System Requirements

(a) Not later than 120 days after the Effective Date, and at all times thereafter, Franchisee, at its sole expense, shall install, be trained on, and continuously use, one of the approved real estate software systems set forth on Exhibit A attached hereto, or such other system approved by Franchisor in writing in its sole discretion, which approval may be subject to certain restrictions or conditions set forth by Franchisor. Each such approved system is an “Approved Broker Management System”, and includes an information interface capability that allows it to electronically communicate with Franchisor’s designated computer system. Franchisee must also maintain a software support agreement for the Approved Broker Management System. Franchisee shall communicate data to Franchisor’s designated computer system directly from Franchisee’s computer system by use of an Approved Broker Management System. Franchisor may update the list of Approved Broker Management Systems from time to time in the Operations Manual. After installing an Approved Broker Management System, Franchisee may replace such Approved Broker Management System with another Approved Broker Management System, provided Franchisee gives Franchisor 30 days’ prior notice of such replacement. In the event that at any time following the First Anniversary Year, or earlier if otherwise provided in the approval for systems other than those set forth in Exhibit A, Franchisor determines in its sole discretion that such Approved Broker Management System has become inadequate, Franchisor shall so notify Franchisee and Franchisee shall take immediate steps to install, be trained on and use an alternative Approved Broker Management System within the time period (not less than 90 days) set forth in the Operations Manual.

(b) Franchisee is required to report certain data to Franchisor on a periodic basis through an Approved Broker Management System, including, but not limited to, Gross Revenues received or receivable, closed sales and other closed contracts, as set forth in the Operations Manual. **USE BY FRANCHISEE OF AN APPROVED BROKER MANAGEMENT SYSTEM IS MANDATORY.** Without limiting the foregoing, commencing on the Effective Date, Franchisee is required to timely, accurately and fully report all closed transactions and other information as specified in the Operations Manual. Such information shall be reported in the format specified in the Operations Manual. Franchisor shall be the co-owner of any such reported information with unrestricted rights to use such information.

(c) Franchisee shall report the data required by the Operations Manual manually until Franchisee becomes active on an Approved Broker Management System. Franchisee shall submit manually reported information to Franchisor on a weekly basis commencing upon the Effective Date as further specified in the Operations Manual. All payments due under this Franchise Agreement when Franchisee is reporting manually shall be collected through Franchisee’s Depository Checking Account.

(d) Franchisee must also maintain a software support agreement for the Approved Broker Management System. In the event Franchisee does not maintain a software support agreement, Franchisor may purchase such software support it deems reasonably appropriate on Franchisee's behalf, and Franchisee shall reimburse Franchisor for all costs of such software support through an automatic deduction from Franchisee's Depository Checking Account.

(e) During such time, (i) prior to Franchisee's active use of an Approved Broker Management System as required herein or (ii) Franchisee otherwise fails to comply with the electronic reporting requirements herein, Franchisee shall pay Franchisor an administrative fee

9.03 Depository Checking Account

At the Effective Date and thereafter, Franchisee shall establish and maintain a Depository Checking Account at a bank or other financial institution that is a participating member of the Depository Checking Account or such other network or system as may be directed by Franchisor pursuant to the guidelines set forth in the Operations Manual. Franchisee shall instruct the institution holding the Depository Checking Account to allow Franchisor access to the Depository Checking Account for collection of Continuing Royalty, Marketing Fees and other fees set forth in this Agreement. Under no circumstances shall such access to the Depository Checking Account be deemed control or joint control of the Depository Checking Account by Franchisor. Franchisee continuously shall maintain a minimum balance in the Depository Checking Account of \$1,500 or such higher continuous minimum balance as Franchisor shall deem reasonably necessary. Franchisee shall reimburse Franchisor for all extraordinary costs incurred by Franchisor in collecting or attempting to collect funds due Franchisor from the Depository Checking Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Checking Account balance in accordance with the terms hereof). The Depository Checking Account shall be established and maintained solely for purposes set forth in this paragraph 9.03 and the Operations Manual.

9.04 Operations Manual

(a) Franchisee shall operate the Franchised Business in accordance with the Operations Manual, a copy of which shall be provided to Franchisee on or soon after the Effective Date. Franchisor shall have the right to modify the Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. Franchisor agrees that although such modifications to the Operations Manual may be material in that they may have an effect on the operation of the Franchised Business, they may not conflict with or materially alter the terms of this Agreement. All such additions, deletions or modifications shall be effective five business days after Franchisor has given notice to Franchisee in accordance with paragraph 14.07 hereof or, at Franchisor's option, provided Franchisee with an electronic copy of the revisions to the Operations Manual.

(b) All additions, deletions or modifications to the Operations Manual shall be equally applicable to all similarly situated Franchisees. The Operations Manual, as modified or amended from time to time, shall not alter Franchisee's fundamental status and rights under

this Agreement. As modified from time to time, the Operations Manual shall be deemed to be an integral part of this Agreement and references to the Operations Manual made in this Agreement, or in any amendments or exhibits hereto, shall be deemed to mean the Operations Manual, as amended from time to time.

(c) Franchisor shall furnish to Franchisee at no additional charge an electronic copy of the Operations Manual at the time of the Affiliate Integration Program, all of which copies shall at all times remain the sole, confidential, trade secret property of the Franchisor. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Operations Manual to Franchisor and shall retain no copy or reproduction. Except as specifically permitted by Franchisor, at no time may Franchisee, or its employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual and shall not disclose the terms thereof to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business by means of electronic communication. The Operations Manual may not be forwarded to anyone and no electronic copy provided to anyone except as provided by Franchisor.

9.05 Signs and Display Materials

Franchisee agrees that all signs, display materials and other Materials shall be in full compliance with the specifications provided in, and in conformity with, the Operations Manual. Said Materials may be purchased and procured by Franchisee from Franchisor or suppliers designated or approved by Franchisor in accordance with Operations Manual guidelines.

9.06 Telephone Numbers

At its sole expense, Franchisee shall obtain such telephone “listings” as it deems necessary for the conduct of the Franchised Business. Franchisor recommends that such listings be obtained as promptly as possible after the effective date of your franchise agreement, using your authorized Assumed Name for each Location, in at least one applicable telephone directory for the geographic area covering the Locations. If Franchisee is engaged in businesses other than the Franchised Business, Franchisee must maintain different telephone numbers and may make no reference to the Franchised Business in any telephone listings in respect of such other businesses.

9.07 Contact Person

Franchisee shall appoint a Contact Person(s), who shall be responsible to receive and disseminate all marketing and other materials received from Franchisor. Contact Person shall participate in conference calls and other events as provided in the Operations Manual. Failure to comply herewith shall result in those actions provided by the Operations Manual. Franchisee shall notify Franchisor of the name, business address and business phone number of the Contact Person, updating such information whenever a change occurs.

9.08 Insurance

Franchisee shall have in effect on the Effective Date and maintain during the term hereof insurance in such types and amounts as are specified in the Operations Manual. All policies of insurance to be maintained by Franchisee shall contain a separate endorsement naming the Franchisor and if required by Franchisor, its parent and affiliated companies, as additional insured. Such policies of insurance shall not be subject to cancellation or modification except with 30 days' prior written notice to the Franchisor. Franchisee shall cause certificates of insurance showing compliance with the above requirements to be delivered to the Franchisor at the initiation of the Franchise Agreement and at such other times as Franchisor may request. In the event Franchisee does not maintain the insurance coverage required in the Operations Manual, then in addition to any other rights and remedies available to it under the Agreement, Franchisor may purchase such policies of insurance as it deems required and Franchisee shall reimburse Franchisor for all costs of such insurance.

9.09 Records and Rights of Inspection

(a) Franchisee covenants and agrees that it shall keep and maintain during the term hereof, and for a period of 36 months following expiration or termination for any reason, full, true and complete records of all revenues and expenditures respecting each Location and Restricted Purpose Location, whether related to the Franchised Business or otherwise, in the form and manner specified by Franchisor in its Operations Manual. Franchisee shall permit Franchisor or its representatives or agents selected in the sole discretion of Franchisor, during normal business hours, to examine the books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholders. If Franchisor should cause an examination to be made and the Gross Revenues or business transacted as shown by Franchisee's records should be found to be understated by any amount, Franchisee shall immediately pay to Franchisor the additional amount payable as shown by such examination, plus interest thereon at the rate of 15% per annum or the highest rate of interest allowed by law, whichever is lower, computed from the date (or dates) said understated amount (or amounts) were due. If (i) Franchisee's Gross Revenues are found to be understated by two percent or more or (ii) if Franchisee's financial records require a substantial effort (as determined in the sole judgment of Franchisor, exercised in good faith) on behalf of Franchisor's examiners to be placed in a condition readily conducive to examination, Franchisee shall pay to Franchisor the entire cost of such examination; otherwise, the cost of the examination shall be borne by Franchisor. If either Franchisee or Franchisor cancels a scheduled examination, the party canceling such examination will pay the costs arising out of the cancellation. Franchisee shall furnish the Franchisor with a copy of any and all certified financial statements respecting Franchisee's business, and relevant information from Franchisee's Multiple Listing Service, if requested, without any cost or expense to Franchisor.

(b) Within 120 days after the end of each of Franchisee's fiscal years, Franchisee shall furnish Franchisor with (i) a Profit and Loss Statement and Balance Sheet of the Franchised Business for the previous fiscal year, (ii) a Reconciliation of Gross Revenues for the previous fiscal year, (iii) a report of sales closed through Franchisee's Approved Broker

Management System for the previous fiscal year, (iv) a list of Franchisee's Locations and Restricted Purpose Locations (including the addresses and telephone numbers of each office and the number of sales professionals, if any, who operate from each office), (v) such materials as Franchisor shall require with respect to compliance with Brand Guidelines, (vi) such materials as Franchisor shall require with respect to compliance with applicable laws, rules and regulations, and (vii) any further information Franchisor shall reasonably require. All such financial statements and information shall be prepared in accordance with the guidelines prescribed by Franchisor in the Operations Manual, and shall be certified by Franchisee or, in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true, complete and correct.

(c) Franchisor shall have the right, at any time, to use any financial report or statement, or any information derived therefrom, relating to the Franchised Business or any or all of the Locations and Restricted Purpose Locations, as part of Franchisor's Franchise Disclosure Document or similar disclosure document.

9.10 Review

Upon reasonable prior written notice, Franchisor shall have the right to send representatives at reasonable intervals during normal business hours, into Franchisee's Locations or Restricted Purpose Locations to inspect Franchisee's other records, operations, business methods, service, management and administration, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Operations Manual. If such other records are not located at a Location or Restricted Purpose Location, Franchisor's representatives shall have the right to inspect said other records, wherever located.

9.11 Compliance with Laws

Franchisee shall (a) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (b) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (c) prepare and file all necessary tax returns, (d) pay promptly all taxes imposed upon Franchisee or upon its business or property, and (e) at all times comply with the Code of Ethics of the National Association of Realtors and other appropriate organizations. Franchisee represents and warrants that it shall obtain and at all times maintain all necessary permits, certificates and/or licenses necessary to conduct the Franchised Business in the localities within which each Location or other office is situated. Franchisee shall immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, officer, member, manager, owner, director or partner of Franchisee, which notification shall include all relevant details in respect thereof, according to the procedures set forth in the Operations Manual.

9.12 No Other Real Estate Brokerage Businesses

Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, Franchisee agrees that it shall not, during the term of this Agreement, act as a real estate broker with respect to any business other than the Franchised Business, nor operate, manage, own, assist, license, sublicense, act on behalf of, represent, or hold an interest, direct or indirect (as an employee, officer, director, shareowner, partner, joint venturer or otherwise), in any real estate brokerage business other than the Franchised Business, without the express prior written consent of Franchisor. Franchisee acknowledges that the Franchised Business does not include, among other things, Acting as a Real Estate Broker with respect to a transaction involving Commercial Property having a gross listing or sales price that exceeds \$25,000,000, and such action is, therefore, included in the prohibition contained in the preceding sentence. It is the intention of the parties that Franchisee maximize the Gross Revenues of the Franchised Business for the mutual benefit of Franchisor and Franchisee, and any action of Franchisee that diverts business to another entity or diminishes the Gross Revenues of the Franchised Business shall be a material breach of this Agreement. Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation, (a) divert or attempt to divert any business or customer of the Franchised Business 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 Service Marks or the System, or (b) solicit any person who is at that time employed by Franchisor to leave his or her employment. This paragraph 9.12 shall apply to each Equity Holder of Franchisee.

Franchisee acknowledges that the restrictions contained in this paragraph are reasonable and necessary in order to protect legitimate interests of Franchisor, and in the event of violation of any of these restrictions, Franchisor shall be entitled to obtain damages including, without limitation, Continuing Royalty and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor may be entitled at law or in equity.

Franchisee agrees that it and each of its Equity Holders will give written notice to Franchisor prior to engaging in any real estate related business other than the Franchised Business (“RERB”), including, without limitation, mortgage, escrow, construction, development, appraisal, referral and consulting matters; and Franchisee acknowledges that it and each of its Equity Holders have given such written notice prior to entering into this Agreement. If Franchisor so directs, Franchisee and each of its Equity Holders shall execute an agreement acceptable in form and content to Franchisor that there will be no use of the Service Marks in connection with any RERB, that all real estate transactions involving both the Franchised Business and any RERB shall be conducted on an arm’s length basis and that any RERB is subject to the provisions of subparagraph 9.09(a) above.

9.13 Change in Status Processing

Requests for (a) change of Assumed Name, (b) relocations of any Locations or Restricted Purpose Locations, (c) closures of any Locations, (d) changes in designated Responsible Agent or Broker, (e) establishment or extension of the authorized operational period of a Subdivision Sales Office, or (f) other changes in status as may be specified from time to time by Franchisor, shall be made on such form as designated by Franchisor in the Operations Manual. No approvals shall be effective until delivered in writing and signed by an officer of Franchisor.

9.14 Listing Feeds

Franchisee agrees to arrange, at Franchisee's sole expense, for Franchisor or its designee to receive one or more direct electronic feed of all real estate listings, including all supporting content, from the multiple listing service(s) used by Franchisee collectively, the "Listings" in compliance with the then-effective and current Virtual Office Website (VOW) standards adopted by the National Association of Realtors® or, if not available, in compliance with the then-effective Internet Data Exchange (IDX) standards adopted by the National Association of Realtors®, but only until such time as a VOW feed can be obtained, or such other standards and procedures that Franchisor periodically specifies.

X. ASSIGNMENT

10.01 Assignment by Franchisor

Franchisor shall have the right to Transfer any or all of its direct or indirect interest in this Agreement (including, without limitation, the economic benefits derived from this Agreement), and any or all of its rights and privileges hereunder to any other person, firm or corporation ("Assignee of Franchisor"); provided that, in respect to any Transfer ("Assignment by Franchisor") resulting in the subsequent performance by such Assignee of Franchisor of the functions of the Franchisor: (a) at the time of Assignment by Franchisor, the Assignee of Franchisor is financially responsible and economically capable of performing the obligations of Franchisor hereunder; and (b) the Assignee of Franchisor expressly assumes and agrees to perform such obligations. In the event of such Assignment by Franchisor, Franchisor shall be relieved of all obligations or liabilities then existing or thereafter assertable under this Agreement; provided however, that if Franchisee continues to comply with all terms and conditions of this Agreement, including but not limited to paragraph 3.03 and Articles VII and IX hereof, then Franchisee shall be entitled during such continued compliance to use the Service Marks licensed hereunder until the later of the end of the then current term of this Agreement or two years from the date of such Assignment by Franchisor. At the end of such period of continued compliance and use of the Service Marks, Franchisee shall comply with the terms of paragraph 13.01 below.

10.02 Assignment by Franchisee

(a) Restriction on Transfer. This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its

principals or, in the case of a corporate Franchisee, the principal officers thereof who will actively and substantially participate in the ownership and operation of the Franchised Business or, in the case of a partnership Franchisee, the partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Business or, in the case of a limited liability company, the manager(s) or managing member(s) who will actively and substantially participate in the ownership and operation of the Franchised Business. Therefore, neither Franchisee nor any immediate or remote successor to Franchisee, nor any individual, partnership, corporation, limited liability company or other legal entity that directly or indirectly owns an equity interest (as that term is defined herein) in Franchisee, shall Transfer any direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived therefrom, or any equity interest in Franchisee, in whole or in part, in any manner, except as permitted by this Agreement. Any purported Transfer of any interest in this Agreement, the Franchised Business, or an equity interest in Franchisee not in accordance with this Agreement shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may terminate this Agreement upon notice without opportunity to cure, pursuant to subparagraph 11.02(d) of this Agreement.

(b) Transfers to Employees, Officers, Directors, Members, Managers, Agents, Owners. Except as otherwise provided in this Agreement, without Franchisor's prior written consent, (i) Franchisee or an Equity Holder may Transfer or issue in any single transaction or series of transactions up to five percent (5%) of the equity interest in Franchisee to an employee, officer or agent of Franchisee directly involved in the operation of the Franchised Business on a full-time basis at the time of such Transfer or issuance, and (ii) Designated Equity Holders (identified in part 8 of Exhibit C hereof) may receive a Transfer of up to 25% of the equity interest in Franchisee; provided (in either case) that such Transfer, when combined with all other Transfers that have occurred since Franchisee shall have been a franchisee of Franchisor, does not affect a change in Control of Franchisee. For the purposes of this subparagraph (b), the term "full-time" shall mean generally working an average of 35 or more hours per week. Notwithstanding the foregoing, the parties acknowledge that it is possible that circumstances may change or additional information regarding Designated Equity Holders may come to light after the Effective Date. Therefore, Franchisee shall give Franchisor prior written notice of any Transfer to Designated Equity Holders, and Franchisor may prohibit such Transfer to the Designated Equity Holders within 30 days thereafter if Franchisor articulates, in the exercise of its reasonable business judgment, a material reason for such prohibition not related to the information Franchisee has previously disclosed to Franchisor regarding such individuals, or not otherwise actually known by any of the officers of Franchisor, on the date hereof.

(c) Transfers to Family Members. Franchisee or an Equity Holder, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to such person's spouse, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement.

(d) Transfers to Affiliated Corporations. Franchisee or an Equity Holder, if a natural person, a sole proprietorship or a partnership, may without the consent of Franchisor, upon 30 days' prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to a corporation or limited liability company entirely owned by such natural person, sole proprietorship or partnership, as the case may be, in the same proportionate amount of ownership as prior to such Transfer, provided that (i) adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement, and (ii) such Transfer may be denied by Franchisor if, in Franchisor's reasonable judgment, the economic resources of the transferee are not sufficient to fully and faithfully conduct the Franchised Business as contemplated by this Agreement or the Transfer and the prospective transferees may reasonably be expected to have a negative effect on the reputation or business operations of the Franchised Business, the Network, the System, or Franchisor, its parent or any of its affiliates.

(e) Transfers Upon Death, Incapacity. Notwithstanding any of the foregoing, in the event of the death or legal incapacity of Franchisee or an Equity Holder, if a natural person, such person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants or spouse's descendants. A Transfer pursuant to this subparagraph 10.02(e) shall be free from Franchisor's right of first refusal provided in paragraph 10.03 hereof so long as subparagraph 10.02(m) is complied with.

(f) Restrictions on Granting Security Interests and Subfranchising. Except as otherwise set forth below, Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever, nor subfranchise or otherwise Transfer, or attempt to subfranchise or otherwise Transfer any Location so long as it is operated as a Location, or to Transfer or subfranchise a portion but not all of Franchisee's rights hereunder without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole discretion. Notwithstanding anything contained herein to the contrary, Franchisee shall have the right to pledge its accounts receivable without the prior written consent of Franchisor for the sole purpose of obtaining financing for the operation of the Franchised Business provided Franchisee is in full compliance with all of the terms and conditions of this Agreement, and any other agreement, arrangement or understanding with Franchisor.

(g) Other Transfers. Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in paragraph 10.03 hereof, Franchisee or an Equity Holder may effect any Transfer of a direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived there from, or any equity interest in Franchisee, not permitted by the preceding subparagraphs (b) through (e), only after written notice to Franchisor and only with Franchisor's written consent, which may not be unreasonably withheld. Franchisor shall exercise its good faith business judgment in

determining whether to give or withhold its consent to a Transfer under this subparagraph 10.02(g). Such exercise of good faith business judgment shall include Franchisor's consideration of certain skills and qualifications of the prospective transferee that are of business concern to Franchisor, including without limitation, the following: experience in real estate brokerage, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferees; the ability of such prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the Network, the System, or Franchisor, its parent or any of its affiliates.

(h) Equity Interest Defined. An "equity interest" in an entity shall mean any stock or partnership interest, membership interest or other direct or indirect beneficial ownership interest in such entity (whether partnership, corporation, limited liability company, trust or otherwise), or in the economic benefits derived therefrom, and if the holder of such equity interest is not a natural person, "equity interest" shall also include any stock or partnership interest, membership interest or other direct or indirect beneficial ownership interest in, or in the economic benefits derived from, such holder. "Equity interest" in Franchisee shall also include any direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived therefrom or in the assets of the Franchised Business if such assets are Transferred in connection with a Transfer of a substantial portion of such assets. "Equity Holder" shall mean any holder of an equity interest or other ownership interest in Franchisee and shall not include Franchisee itself.

(i) Computing Equity Interests. In computing the percentages of equity interests in Franchisee, limited partners will not be distinguished from general partners in the case of partnerships, and Franchisor's judgment will be final if there is any question of the definition of "equity interest" or as to the computation of relative equity interests, the principal considerations being: (i) direct and indirect power to exercise control over the affairs of Franchisee; (ii) direct and indirect right to share in Franchisee's profits; and (iii) amounts directly or indirectly exposed to risk in Franchisee's business. Equity interests may be Transferred only if the Transfer is registered or exempt from registration under federal securities laws. If Franchisee is a partnership or corporation, Franchisee represents that the equity interests in Franchisee are directly and (if applicable) indirectly owned as shown on Exhibit C attached hereto.

(j) Registration of Proposed Transfer. If a proposed Transfer of an equity interest in Franchisee requires registration under any federal or state securities law, Franchisee shall: (i) request Franchisor's consent at least 45 days before the proposed effective date of the registration; (ii) accompany such requests with one payment of a non-refundable fee of \$10,000; (iii) reimburse Franchisor for expenses incurred by Franchisor in connection with review of materials concerning the proposed registration, including without limitation, attorneys' fees and travel expenses; and (iv) agree, and all participants in the proposed offering subject to registration shall agree, to fully indemnify Franchisor in connection with the registration in writing, in form and substance satisfactory to Franchisor; furnish Franchisor all information requested by Franchisor; avoid any implication of Franchisor's participating in or

endorsing the offering, and use Franchisor's service marks and trademarks only as directed by Franchisor.

(k) Transfer and Processing Fees. Except for Transfers set forth in 10.02 (c) and (e) above, in the event Franchisee submits a request for a Transfer of a ten percent (10%) or greater equity interest in Franchisee, a Transfer that would result in a change in Control of Franchisee, or an assignment of this Agreement, Franchisee shall pay to Franchisor a non-refundable transfer and processing fee of \$5,000. Such transfer and processing fees are payable simultaneously with such application for a Transfer or assignment.

(l) Assumption of Obligations. Prior to any Transfer by Franchisee or an Equity Holder of an equity interest in Franchisee permitted hereunder, if the transferor thereof is a party to any agreement or understanding with Franchisor, including, without limitation, a guarantee of Franchisee's obligations hereunder, such transferor shall give Franchisor 30 days' prior written notice of the Transfer (except under subparagraph 10.02(e) hereof) and (i) shall cause the transferee to enter into an equivalent agreement or understanding with Franchisor prior to such Transfer in form and substance satisfactory to Franchisor; and (ii) in any event, shall cause the transferee and each Equity Holder of such transferee to expressly assume in writing for the benefit of Franchisor all of the respective obligations of Franchisee and its Equity Holders under this Agreement. No such Transfer shall be effective unless and until such transferee and each Equity Holder of such transferee complies fully with the terms of this paragraph, notwithstanding any other provision of this Agreement.

(m) Conditions Precedent to Transfer. Franchisor may impose certain conditions precedent to its required consent to a Transfer pursuant to this Article X including, without limitation, the following:

(i) that the proposed transferee (or the principal Equity Holders thereof) present themselves for a personal interview at Franchisor's corporate office, or such other location designated by Franchisor, at such date and time reasonably requested by Franchisor, without expense to Franchisor and prior to such Transfer;

(ii) Franchisee shall have complied fully as of the date of any such Transfer with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor; and

(iii) the transferee of Franchisee agrees that all of Franchisor's training and orientation programs then required by Franchisor shall be satisfactorily completed by transferee's necessary personnel within 30 days after the effective date of such Transfer, and such transferee agrees to pay for all of its expenses incurred in connection therewith, including travel, hotel and meal expenses.

(iv) concurrent with the Transfer, Franchisee and any transferee of Franchisee or the Franchised Business shall enter into a new Franchise Agreement on the terms of Franchisor's then current standard form of Franchise Agreement for the then current initial franchise term, and all Equity Holder(s) shall execute such other documents reasonably

requested by Franchisor in connection with the Transfer, including, without limitation, Franchisor's then current standard form of Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee.

(n) No Waiver. Franchisee acknowledges (i) that any consent granted or withheld by Franchisor under this Article X shall not serve to waive Franchisor's right to grant or withhold consents thereafter, and (ii) that Franchisor may consider the effect (cumulative or otherwise) of prior transfers in determining whether to grant or withhold its consent to any Transfer.

(o) Notice. If a Transfer occurs that is permitted without Franchisor's prior written consent pursuant to this paragraph 10.02, Franchisee and the transferor shall give Franchisor notice of such Transfer within ten days after such Transfer and shall provide all related information reasonably requested by Franchisor.

10.03 Right of First Refusal

(a) Except as otherwise provided in paragraph 10.02 hereof, the right of Franchisee and Equity Holders to Transfer any equity interest in Franchisee or any direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or in the assets of the Franchised Business if the Transfer of such assets is made in connection with a Transfer of a substantial portion of such assets, as permitted in paragraph 10.02 hereof, shall be subject to Franchisor's right of first refusal with respect thereto if such Transfer (i) is in excess of twenty-five percent (25%) of such equity interest in any single transaction or series of related transactions or (ii) effects a change in Control of Franchisee, unless the transferee is one of the Designated Equity Holders (identified in part 7 of Exhibit C hereto). Franchisor's said right of first refusal may be exercised in the following manner:

(b) Franchisee or such Equity Holder shall serve upon Franchisor a written notice setting forth (i) all of the terms and conditions of any offer or agreement relating to a proposed Transfer by such person, or all terms and conditions of any proposed Transfer arising out of, or resulting from, any judicial proceeding, arbitration or other quasi-judicial proceeding, and (ii) all available information concerning the proposed transferee of such person.

(c) Within thirty business days after Franchisor's receipt of such notice (or if it shall request additional information, within thirty business days after receipt of such additional information), Franchisor shall notify the proposed transferor of one of the following:

- (i) Franchisor shall exercise its right of first refusal as provided herein; or
- (ii) Franchisor grants its consent to such Transfer to the proposed transferee as stated in the notice; or
- (iii) Franchisor shall not exercise its right of first refusal and does not consent to such Transfer.

(iv) If Franchisor does not notify the proposed transferor within such time period, Franchisor's consent to the proposed Transfer shall be deemed denied and Franchisor shall be deemed to have declined to exercise its right of first refusal.

(d) If Franchisor shall elect to exercise its right of first refusal, it shall purchase the equity interests or assets proposed to be Transferred on the same terms and conditions as set forth in such offer or agreement, or in the case of a proposed Transfer pursuant to a judicial proceeding, arbitration or quasi-judicial proceeding, on the same terms and conditions as set forth in the written notice set forth in subparagraph (b) above. If Franchisor shall elect not to exercise its right of first refusal and shall consent to such Transfer, the proposed transferor shall for a period of 90 days be free to so Transfer to such proposed transferee upon the terms and conditions specified in said notice. If, however, said terms shall be materially changed, or if said 90-day period shall have expired, Franchisor shall again have such right of first refusal with respect thereto and the proposed transferor shall again be required to comply with subparagraph 10.03(a) above.

(e) Franchisor's right of first refusal as contained herein shall in no way modify or diminish Franchisor's right to withhold its consent to Transfer under paragraph 10.02 hereof.

10.04 Transfer of Premises

In the event of a Transfer by Franchisee of this Agreement or the Franchised Business, if legally permissible, Franchisee shall also Transfer all of its rights under any lease(s) for its Locations or Restricted Purpose Locations or any other property necessary for the operation of the Franchised Business to the same transferee of Franchisee.

XI. DEFAULT AND TERMINATION

11.01 General

(a) This Agreement may be terminated unilaterally by Franchisor only for good cause, which for purposes of this Agreement shall mean a material violation of this Agreement or any other agreement, lease or undertaking between Franchisee or any of its Equity Holders or affiliates and Franchisor or any of its affiliates and shall include any failure by Franchisee to substantially comply with any obligation, duty or promise under the Agreement, including, without limitation, those acts or omissions specified in paragraphs 11.02 and 11.03 hereof. Franchisor shall exercise its right to terminate this Agreement in the manner described in this Article XI.

(b) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor shall have the right to terminate this Agreement, Franchisor shall have the right to exercise any and all remedies available to it at law or in equity, including without limitation specific performance and damages (including without limitation direct, indirect, special, incidental or consequential damages.) All rights and remedies provided in this Article XI and elsewhere in this Agreement shall be in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

11.02 Termination Without Prior Notice

Franchisor shall have the right to terminate this Agreement without prior notice to Franchisee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

- (a) If Franchisee shall Abandon all of its Locations and Restricted Purpose Locations;
- (b) To the extent permitted by law, (i) if Franchisee or, in the case of a partnership, a general partner thereof becomes insolvent (as revealed by its records or otherwise), or (ii) if Franchisee files a voluntary petition and is adjudicated bankrupt, or if an involuntary petition is filed against Franchisee and such petition is not dismissed within 30 days, or (iii) if Franchisee shall make an Assignment by Franchisee for the benefit of creditors, or (iv) if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, be appointed to take charge of Franchisee's affairs or any of its property, or (v) if dissolution proceedings are commenced by or against Franchisee (if a corporation, limited liability company or partnership) and are not dismissed within 30 days thereafter, or (vi) if any final judgment against Franchisee from which no further appeal is available and which is not currently on appeal remains unsatisfied or unbonded of record for 30 days after receipt by Franchisee of actual or constructive notice thereof, and the amount of such judgment exceeds \$50,000 or 10% of Franchisee's Gross Revenues for the preceding Anniversary Year, whichever is less;
- (c) If (i) Franchisee has knowingly (as determined by Franchisor in its discretion) either inaccurately reported or withheld the reporting of any Gross Revenues twice within 12 consecutive calendar months, or if (ii) a Designated Equity Holder or an Equity Holder having a 10% or greater equity interest in Franchisee has knowingly and directly caused or authorized Franchisee to either inaccurately report or withhold the reporting of any Gross Revenues;
- (d) If Franchisee shall violate the provisions of paragraph 10.02 of this Agreement or otherwise attempt or purport to sell, assign, transfer or encumber the Service Marks without the prior written consent of Franchisor as hereinabove provided;
- (e) If Franchisee's real estate broker's license is suspended or revoked, and such license or a substitute license has not been reinstated within seven days thereafter;
- (f) If Franchisee shall default in any material obligation in respect of which Franchisee twice previously within the preceding 12 months has received a notice of default from Franchisor with respect to the same or similar breach;
- (g) If Franchisee shall default in its obligation to permit Franchisor or its representative or agents to examine or audit books of accounts, bank statements, documents, records, papers or tax return records under paragraphs 9.10 or 9.11 hereof; or
- (h) If Franchisee fails for two consecutive Anniversary Years after the First Anniversary Year to achieve Gross Revenues sufficient to generate a total Continuing Royalty for each such consecutive Anniversary Year of at least Fifteen Thousand Dollars (\$15,000).

(i) If Franchisee engages in any activity in violation of Article VII of this Franchise Agreement that could not, under any circumstances (as determined by Franchisor in its discretion), result in a complete cure or remedy of any damage caused by such violations.

(j) If Franchisee violates trust account rules and regulations.

(k) If Franchisee has knowingly (as determined by Franchisor in its discretion) either inaccurately reported or failed to report any information as part of its application or qualification as a Franchisee; or

(l) If Franchisee materially violates any federal, state or local law, rule or regulation.

11.03 Termination With Notice

(a) Franchisor may terminate this Agreement if within 24 hours of receipt of written notice by Franchisor to cure, Franchisee fails to cure a violation of the Franchise Agreement that in Franchisor's sole discretion and judgment impairs the Service Marks, including without limitation any act or conduct by Franchisee or its employees or agents that in Franchisor's sole discretion and judgment impairs the goodwill associated with the Service Marks.

(b) Franchisor may terminate this Agreement if Franchisee uses the Service Marks in any manner that is not permitted by this Agreement, or takes any action that incorrectly indicates that certain products or services are associated with the Service Marks, and Franchisee fails to cure such violation within 24 hours of receipt of written notice by Franchisor to cure.

(c) With respect to any default by Franchisee of its obligation to pay any sums due Franchisor under this Agreement, Franchisor may terminate this Agreement upon not less than 14 days' prior written notice of such default. If Franchisee shall cure said default prior to the end of such period, Franchisor's right to terminate shall cease with respect to the breach that has been so cured.

(d) Except as otherwise expressly provided herein, including, without limitation, paragraph 11.06 below, Franchisor may terminate this Agreement only upon 30 days' prior written notice to Franchisee setting forth the breach complained of in this Agreement or any other agreement to which both Franchisor or any of its affiliates and either Franchisee or any of its affiliates or Equity Holders are party. Upon receipt of such notice, Franchisee shall immediately commence diligently to cure said breach, and if Franchisee shall cure said breach during such period, Franchisor's right to terminate this Agreement shall cease; provided, however, that if, because of the nature of said breach, Franchisee shall be unable to cure the same within said 30 day period, Franchisee shall be given such additional time as shall be reasonably necessary within which to cure said breach, not to exceed an additional 30 days, upon condition that Franchisee shall, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use its best efforts to do so.

(e) A material violation of this Agreement shall mean any action or omission by Franchisee that impairs or adversely affects the Network, Franchisor, or the relationship

created by this Agreement. Without limitation, each of the following events, along with the events set forth in paragraph 11.02 above is deemed a material violation of this Agreement. The parties acknowledge, however, that these events do not represent an exhaustive list of material violations of this Agreement, and additional events may occur that individually, or in combination with other events, may constitute a material violation of this Agreement. It shall be a material violation of this Agreement:

- (i) If Franchisee fails to make any of the periodic reports required pursuant to paragraph 9.02 of this Agreement, fails to deposit its Continuing Royalty payments pursuant to subparagraph 5.02(e) of this Agreement, or fails to pay to Franchisor any sum when due;
- (ii) If Franchisee shall violate any of the provisions of Article VII of this Agreement;
- (iii) If Franchisee shall Abandon one or more of its Locations;
- (iv) If Franchisee closes or relocates any Location or Restricted Purpose Location, except as provided by paragraph 4.02 of this Agreement;
- (v) If Franchisee fails to maintain an independent contractor relationship with Franchisor;
- (vi) If Franchisee or any of its Equity Holders commit an act, or permit an act to be committed, that violates any federal, state or local law, rule or regulation.

11.04 Description of Default

The description of any default in any notice served by Franchisor hereunder upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

11.05 Statutory Limitations

Notwithstanding anything to the contrary in this Article XI, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.06 Extended Cure Period

Notwithstanding anything contained herein to the contrary, including, without limitation, subparagraph 11.03(c) hereof, in those circumstances under which Franchisor shall have the right

to terminate this Agreement, except in the case of violations specified in subparagraphs 11.03(a) and (b), Franchisor shall have the right, to be exercised in its sole discretion, to grant to Franchisee, in lieu of immediate termination of this Agreement, an extended period of time to cure the breach that gave rise to Franchisor's right to terminate, but in no event shall such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant such an extended cure period to Franchisee shall not operate as a waiver of any of Franchisor's rights hereunder.

11.07 Prohibition - Post-Term Non-Compete Restrictions

Franchisor has imposed no post-term non-compete restrictions. Franchisee agrees that, if the Franchise Agreement expires or terminates for any reason, no non-compete clause or similar contractual restriction that Franchisee may have entered into with any employee, officer, director, shareholder, or real estate salesperson of Franchisee shall be binding or enforceable against (1) Franchisor, its parent or any affiliated company of Franchisor, (2) any other franchisee of Franchisor, or (3) any such employee, officer, director, shareholder, or real estate salesperson of Franchisee, who may (i) accept employment or other contractual relationship with Franchisor, its parent or affiliated company, or any franchisee of Franchisor, or (ii) acquire a franchise or any interest in a franchise from Franchisor or any franchisee of Franchisor.

XII. COMMUNICATION AND DISPUTE RESOLUTION

Franchisor and Franchisee have entered into a long-term franchise relationship that gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the Network and/or System, as contemplated by this Agreement. To that end, Franchisor and Franchisee acknowledge that they need to attempt to resolve disagreements and/or disputes before such disagreements and/or disputes negatively impact the relationship. Good faith communications between Franchisor and Franchisee are an important aspect of that obligation. The provisions in this Article XII are intended to facilitate such communication and the prompt resolution of any disagreements or disputes between the parties. To the extent any element or aspect of this Article XII is found, under applicable law, to be unenforceable in any way, it shall not be deemed void but, if possible, shall be enforced to the fullest lawful extent and all other provisions of this Article XII shall remain in full force and effect.

12.01 Notification of Dispute and Availability of Mediation Procedures

Any and all disputes, claims and controversies between or among Franchisor and any of its Affiliates, on the one hand, and Franchisee and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement and any ancillary documents and the negotiation, execution, administration, modification, extension, substitution, formation, enforcement, termination or breach thereof in any way, including, without limitation, any claim sounding in contract or tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal or otherwise voidable or void ("Dispute(s)"), are subject to the dispute resolution provisions set forth in paragraphs 12.03 and

12.04 of this Agreement, except for the disputes described in paragraph 12.02 of this Agreement and except as otherwise specifically modified by this Article XII.

“Affiliates”, as used in this Article XII, includes without limitation all shareholders, members, partners, owners, direct and indirect parents, sibling entities and subsidiaries, all affiliates thereof, and all officers, directors, employees, managers and agents of the foregoing, acting in the course of conducting business activities related to Franchisor or Franchisee, as the case may be.

12.02 Disputes Not Subject To Notification of Dispute and Mediation Procedures

The following Disputes are not subject to the procedures stated in paragraphs 12.03 and 12.04 of this Agreement:

- (a) Any claim by Franchisor for monies due to Franchisor by Franchisee or any guarantor of this Agreement;
- (b) Any disputes relating to (i) Franchisee’s use of the Service Marks, or any other mark in which Franchisor or any of its affiliates has an interest; (ii) acts that otherwise violate Franchisee’s obligations under Article VII of this Agreement; or (iii) conduct that is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its affiliates;
- (c) Any disputes subject to “core proceedings” under the United States Bankruptcy Code;
- (d) Any disputes pursuant to the Lanham Act (15 U.S.C. 1051 et seq.);
- (e) Any dispute relating to the assignment of interests in violation of Article X of this Agreement;
- (f) Any dispute for which Franchisor is entitled to terminate this Agreement without prior notice under the provisions of paragraph 11.02 of this Agreement;
- (g) Any dispute in any way relating to the scope, application or enforceability of this Article XII; and
- (h) Any dispute, other than those enumerated above, in which any emergency, temporary or preliminary equitable or injunctive relief or other reasonably necessary provisional remedy is sought, including, without limitation, a writ of attachment, but only to the extent of proceedings for such relief, as further provided in paragraph 12.06 hereof.

12.03 Written Notice of Unresolved Disputes -- “Notification of Dispute” Procedure

Except as provided in paragraph 12.02 above, all Disputes shall be brought to the attention of Franchisor and Franchisee by delivering a written notice headed “Notification of Dispute.” Delivery of such notice shall be made within sixty (60) days of the date on which facts respecting the Dispute first come to Franchisor’s or Franchisee’s attention. A notice of default

under Article XI of this Agreement may precede the Notification of Dispute and, in such cases, the Notification of Dispute may be sent at such time as it appears that the default has not been satisfactorily corrected. The Notification of Dispute shall specify, to the fullest extent possible, the party's version of facts surrounding the Dispute, the amount of damages and/or the nature of any other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute shall respond within thirty (30) business days after receipt thereof, in accordance with paragraph 14.07 of this Agreement, stating its version of the facts and, if applicable, its position as to the relief sought by the party initiating the Dispute procedure; provided, however, that if the Dispute has been the subject of a default notice given under Article XI hereof, the Franchisee shall respond to the notice under this paragraph 12.03 within ten (10) business days.

If upon receipt of a Notification of Dispute and responses under this paragraph 12.03, the Dispute (or any part thereof) is not resolved, the party initiating the Notification of Dispute shall so indicate in writing within five (5) business days or the Dispute shall be deemed to be resolved as set forth in the response to the Notification of Dispute. If the Dispute is not resolved, the parties shall endeavor in good faith to resolve the Dispute outlined in the Notification of Dispute and responses.

All notices, requests and responses to be delivered to Franchisor or Franchisee under this Article XII shall be delivered in accordance with paragraph 14.07 of this Agreement.

12.04 Mediation of Dispute

In the event a Dispute outlined in a Notification of Dispute has not been resolved within fifteen (15) days after receipt of the last writing called for by paragraph 12.03 above, either party may initiate a mediation procedure in accordance with this paragraph 12.04 within five (5) days thereafter by delivering a written request for mediation. Such mediation will be conducted by Judicial Arbitration and Mediation Services, Inc. ("JAMS") according to its procedures. The mediator shall be selected by the striking method, shall be a retired judge, or an attorney licensed to practice law in California, and shall have experience in franchise disputes, but if no mutually-acceptable mediator with such experience is available, the mediator shall have experience related to complex commercial transactions. If the parties are unable to select the mediator within ten (10) business days after delivery of the mediation notice, then the parties shall request that JAMS designate an appropriate mediator based upon the foregoing criteria. If JAMS is unable to act in the matter expeditiously, mediation shall be conducted under the auspices of any other mediation service mutually agreed to by the parties according to the mediator's procedures. The scope of such mediation and the authority of the mediator to act with respect to the Dispute are defined by the specific provisions of this Article XII and any mediator will be required to execute an acknowledgment of applicability of the provisions of this Article XII in any proceeding under this Agreement.

The object of any mediation subject to this paragraph 12.04 is to assist the parties in reaching a mutually acceptable resolution of the Dispute. Such mediation shall, in all circumstances, be consistent with the rights and obligations created by this Agreement and shall not be premised on the derogation or diminution of those rights or disregard of those rights. The

mediation process shall begin promptly and shall be concluded within thirty (30) days of the day the request for mediation is made, unless the parties mutually otherwise agree in writing. The mediation shall be attended by representatives of both parties with full settlement authority. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any other legal proceeding.

All mediation proceedings shall take place in Orange County, California, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. The expenses of the mediation service shall be borne equally by Franchisor and Franchisee, and all other expenses relating to such mediation shall be borne by the party incurring them.

12.05 Business Judgment

The parties hereto recognize, and any mediator, arbitrator or court is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its business judgment based on its assessment of the overall best interests of the Network and/or System. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor an arbitrator or court shall substitute his, her or its judgment for the judgment so exercised by Franchisor. The term “business judgment,” as used herein with respect to the Network and/or System, means that Franchisor’s action or inaction has a business basis that is intended to: (i) benefit the Network and/or System or the profitability of the Network and/or System, including Franchisor, regardless of whether some individual franchisees may be unfavorably affected; (ii) increase the value of the Service Marks; (iii) increase or enhance overall franchisee satisfaction; or (iv) minimize possible brand inconsistencies. Franchisee will have the burden of establishing that Franchisor failed to exercise business judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other “reasonable” alternatives will, by itself, establish such failure. To the extent that any implied covenant, such as the implied covenant of good faith and fair dealing, or civil law duty of good faith is applied to this Agreement, Franchisor and Franchisee intend that Franchisor will not have violated such covenant or duty if Franchisor has exercised business judgment.

12.06 MANDATORY BINDING ARBITRATION

Except for those disputes described in paragraph 12.02 (b), (c), (d), (e), (g) and (h) hereof, (which shall be resolved in court proceedings in accordance with paragraph 12.07 hereof), a Dispute is not subject to paragraphs 12.03 and 12.04 hereof or if after the conclusion of all procedures required under those paragraphs, the parties have been unable to resolve the Dispute, the parties shall submit such Dispute to final and binding arbitration in Orange County, California, administered by JAMS, or its successor, in accordance (except as otherwise specifically provided herein) with the JAMS Comprehensive Rules and Procedures effective October 1, 2010 (the “JAMS Rules”) as amended in accordance with JAMS Rule 3, provided that, (i) the JAMS Rules may be modified by the parties pursuant to JAMS Rule 2, (ii) notwithstanding JAMS Rule 1, the JAMS Rules shall apply to all Disputes, regardless whether the Dispute is in excess of Two Hundred Fifty Thousand Dollars (\$250,000), (ii) JAMS Rule

6(e) and (f) shall not apply, (iii) JAMS Rule 17 shall be modified to permit four non-expert depositions and one expert deposition for each expert witness as a matter of right (the necessity of additional depositions to be determined by the arbitrator), (iv) JAMS Rule 22(d) shall not apply and the admissibility of evidence will instead be determined under the Federal Rules of Evidence and such principles of substantive federal law and Delaware law as may be applicable, including but not limited to the Parol Evidence Rule, (v) the arbitrator shall give effect to statutes of limitation and to the contractual limitation periods set forth in paragraph 12.08 hereof in determining any Dispute, and (vi) the allocation of arbitrator compensation and expenses shall be determined in accordance with paragraph 13.05 hereof. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be governed by the Federal Arbitration Act (Title 9 of the U.S. Code) and decided by one (1) neutral arbitrator who is a retired judge or attorney licensed to practice law in California, and who has experience with franchise disputes and/or disputes related to complex commercial transactions. The parties shall select the arbitrator in accordance with JAMS Rule 15 and shall cooperate with JAMS and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable JAMS' procedures.

Any party may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with JAMS, with a copy to the other party. Any award issued as a result of such arbitration shall be final and binding between the parties thereto and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. No arbitration award or decision shall be given preclusive effect as to issues or claims in any dispute with anyone who is not a party to the arbitration. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a court (excepting only requests for emergency, temporary or preliminary relief described below in this paragraph 12.06) or by a jury.

Any Dispute that involves decisions expressly reserved herein for Franchisor's business judgment or discretion shall not be set aside unless the Court or arbitrator finds that Franchisor failed to exercise its business judgment or discretion as provided in paragraph 12.05 hereof.

All Disputes that involve adjudication in a court shall be governed by the provisions of paragraphs 12.07 and 12.08 of this Agreement. In addition to the foregoing rights and obligations to arbitrate, and without limiting the powers and authority of the arbitrator, any party may apply to the appropriate court as set forth in paragraph 12.07 hereof for emergency, temporary or preliminary equitable or injunctive relief or other reasonably necessary provisional remedy, including, without limitation, a writ of attachment, but only to the extent of proceedings for such relief. If a party seeks such emergency, temporary or preliminary relief, the court hearing the matter shall proceed to adjudicate the issues before it with respect to such relief and shall not delay the entry of any order with respect to such relief; provided, however, that except for matters determined in connection with proceedings for emergency, temporary or preliminary relief, the dispute resolution and arbitration procedures set forth herein shall be used.

12.07 VENUE; SUBMISSION OF ISSUES TO COURT; WAIVER OF RIGHT TO TRIAL BY JURY; LIMITATION OF DAMAGES; CLASS ACTION WAIVER

The parties acknowledge that Franchisor operates a nationwide franchise system, with franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records and business personnel of Franchisor are located, for the most part, in Orange County, California, and in order to minimize disruption or interference with operation of the franchise system as a whole, Franchisee and Franchisor agree as follows:

(a) Any and all court proceedings arising from or relating in any manner to any Dispute between Franchisor and any of its affiliates, on the one hand, and Franchisee and any of its affiliates, on the other, shall be brought in, and only in, the United States District Court for the Central District of California (Southern Division-Santa Ana). No individual or entity (whether named or otherwise designated) shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the Dispute, the proceeding may be initiated in, and only in, the Superior Court of California in and for Orange County, California. In either case, Franchisee hereby consents to the exercise of jurisdiction by such courts.

(b) No punitive or exemplary damages shall be awarded against either Franchisor or Franchisee, or any affiliates of either of them, in any arbitration, litigation or other proceeding, and all claims to such damages are hereby waived.

(c) THE PARTIES HERETO KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THEIR PRESENT OR FUTURE RIGHTS TO A JURY TRIAL IN ANY ACTION TO RESOLVE ANY DISPUTE PURSUANT TO THIS ARTICLE XII AND TO CONSOLIDATE OR TRANSFER ANY ACTION WITH OR TO ANOTHER ACTION WHERE EITHER PARTY MIGHT OTHERWISE BE ENTITLED TO A JURY TRIAL, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

BY THEIR INITIALS BELOW, FRANCHISOR AND FRANCHISEE ACKNOWLEDGE AND REPRESENT THAT THEY HAVE KNOWINGLY AND VOLUNTARILY WAIVED THEIR RIGHT TO TRIAL BY JURY AND HAVE FURTHER AGREED TO BINDING ARBITRATION OF CERTAIN DISPUTES AS PROVIDED HEREIN.

FRANCHISOR

FRANCHISEE

(d) THE PARTIES RECOGNIZE THAT THEIR RELATIONSHIP IS UNIQUE AND THAT EACH FRANCHISEE IS SITUATED DIFFERENTLY FROM ALL OTHER FRANCHISEES, AND THAT NO ONE FRANCHISEE CAN ADEQUATELY REPRESENT THE INTEREST OF OTHERS. THEREFORE, THE PARTIES AGREE THAT ANY

MEDIATION, ARBITRATION, SUIT, ACTION OR OTHER LEGAL PROCEEDING SHALL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT ON A CLASS-WIDE, MULTIPLE PLAINTIFF, CONSOLIDATED OR SIMILAR BASIS, AND FRANCHISEE HEREBY EXPLICITLY AND UNEQUIVOCALLY WAIVES IT'S RIGHT, IF ANY, TO JOIN A PLAINTIFF CLASS ACTION LAWSUIT IN ANY DISPUTE AGAINST FRANCHISOR OR TO ACT IN ANY ARBITRATION OR OTHERWISE IN THE INTEREST OF THE PUBLIC OR IN ANY PRIVATE ATTORNEY GENERAL CAPACITY.

12.08 Limitation of Actions

Franchisor and Franchisee agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless any Notification of Dispute required to be delivered under this Agreement has been delivered in accordance with paragraph 12.03 hereof and unless the proceeding is brought before the expiration of the earlier of (a) one (1) year after the date of discovery of the facts resulting in such alleged liability or obligation or (b) two (2) years after the date of the first act or omission giving rise to such alleged liability or obligation. The foregoing limitations periods shall not apply (i) to any claim by Franchisor for monies due to Franchisor by Franchisee, including, but not limited to, those liabilities or obligations discovered as a result of an examination conducted by Franchisor pursuant to subparagraph 9.10(a), or (ii) any disputes relating to (1) Franchisee's use of the Service Marks, or any other mark in which Franchisor or any of its affiliates has an interest; (2) acts that otherwise violate Franchisee's obligations under Article VII of this Agreement; or (3) conduct that is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its affiliates. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified in (a) or (b) above.

XIII. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

13.01 Franchisee's Obligations

(a) Except as otherwise set forth in paragraph 10.01 with respect to assignment by Franchisor of any or all of its interest in this Agreement, in the event of termination or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee shall forthwith discontinue the use and/or display of the Service Marks in any manner whatsoever and all Materials containing or bearing same and shall not thereafter operate or do business under the Assumed Name or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by it or other owners of the Service Marks. In such event, Franchisee also shall comply with paragraph 13.02 respecting the return to Franchisor of certain Materials and shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or

Materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, video disks, forms, advertising matter, marks, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business. At such time as requested by Franchisor, Franchisee shall make its books and records available to Franchisor's representatives who shall conduct a termination audit, and Franchisee shall pay any amount, as determined by such audit, due to Franchisor in connection with this Agreement.

(b) In the event of termination or expiration as described in paragraph 13.01(a) above, Franchisee shall promptly:

(i) remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Service Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Service Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) permanently discontinue all advertising of Franchisee to the effect that Franchisee is associated or affiliated with Franchisor;

(iv) refrain from doing anything that would indicate that Franchisee is or ever was an authorized Franchisee including, without limitation, indicating, directly or indirectly, that Franchisee was licensed to use the Service Marks or any other distinctive System features or that Franchisee at any time operated under any name, word or mark associated or affiliated with Franchisor;

(v) in the event that Franchisee engages in any business thereafter, it shall use trade names, service marks or trademarks (if any) that are significantly different from those under which Franchisee had done business and shall use sign formats (if any) that are significantly different in color and type face; and take all necessary steps to ensure that its present and former employees, agents, officers, shareholders and partners observe the foregoing obligations;

(vi) in the event such termination is a result of a material default by Franchisee, then Franchisee shall take all action necessary to disconnect and change all telephone numbers and directory listings used by the Franchised Business immediately without providing for any forwarding numbers; or, at Franchisor's option, shall assign all interest and right to use all such telephone numbers and directory listings to Franchisor;

(vii) if this Agreement has expired in accordance with its terms as set forth in subparagraph 17.02(e), then Franchisee may retain its interest and right to use all telephone numbers and yellow page and white page listings. However, if the Agreement has terminated or expired for any other reason, the Franchisee shall assign all interest and right to use all telephone numbers and all yellow page and white page listings applicable to the Franchised Business in use

at the time of such termination or expiration to Franchisor and take all action necessary to change all such telephone numbers immediately and change all such yellow page and white page listings as soon as possible; and

(viii) assign all Internet and web site addresses, e-mail addresses and domain names using the Service Marks to Franchisor and use best efforts to identify any individual Internet, web site addresses, e-mail addresses and domain names using the Service Marks that may have been created by employees or sales agents in violation of this Agreement and cause those employees or agents to assign the addresses or names to Franchisor. Franchisee shall instruct its Internet service provider to purge from its servers all domain name server information associated with such Internet and web site addresses, e-mail addresses and domain names being assigned or transferred.

(c) If Franchisee shall fail or omit to make or cause to be made any removal or change described in subparagraph 13.01(b) above, then Franchisor shall have the right within 15 days after written notice to enter upon Franchisee's premises upon which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at the expense of Franchisee, which expense Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the Assumed Name and any of the Service Marks.

(d) In the event that a Location or Restricted Purpose Location is Abandoned or otherwise closed for a period of seven consecutive days with or without Franchisor's prior written consent, Franchisee shall promptly take action to remove any indication that such Location or Restricted Purpose Location is associated or affiliated with either Franchisee or Franchisor, and remove at Franchisee's expense all signs erected or used by Franchisee on, in or in connection with such Location or Restricted Purpose Location and bearing either the Service Marks or any word or mark indicating that such Location or Restricted Purpose Location is associated or affiliated with either Franchisee or Franchisor, except as otherwise required by law.

13.02 Rights of Franchisor

The expiration or termination of this Agreement shall be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination shall not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee that, by their nature, survive the expiration or termination of this Agreement. Franchisee is obligated to return, at no expense to the Franchisor, any and all copies of the Operations Manual, computer equipment, video equipment, videotapes, videodisks, software, software manuals and documentation, and any other communications media and Material provided for Franchisee's use without additional charge in connection with the operation of the Franchised Business.

13.03 Franchisor's Right to Cure Defaults by Franchisee

In addition to all other remedies herein granted, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account of and on behalf of Franchisee, and all costs or expenses including attorneys' fees incurred by Franchisor on account thereof shall be due and payable by Franchisee to Franchisor on demand.

13.04 Waiver and Delay

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Operations Manual, shall constitute a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.05 Attorneys' Fees and Expenses

In any action or proceeding between the Franchisor and Franchisee for the purpose of enforcing or preventing any breach of any provision of this Agreement, whether by judicial or quasi-judicial action, arbitration or otherwise or any appeal thereof, each party shall bear its own costs including but not limited to its own attorneys' fees, except for those actions or proceedings, whether quasi-judicial action, arbitration or otherwise or any appeal thereof, brought for collection of moneys due, enforcement of indemnifications and/or with regard to the use or protection of the Service Mark, which proceedings or actions, whether by judicial or quasi-judicial action, arbitration or otherwise or any appeal thereof, the prevailing party shall be entitled to collect its fees and expenses including but not limited to attorneys' fees and arbitrator's fees from the other party.

XIV. GENERAL CONDITIONS AND PROVISIONS

14.01 Relationship of Franchisee to Franchisor

It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, director, officer, member, manager, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, director, officer, member, manager, partner or co-venturer of Franchisor or the owner of the Service Marks. All employees or agents hired or engaged by or working for Franchisee shall be only the employees or agents of Franchisee and shall not for any purpose be deemed

employees or agents of Franchisor or the owner of the Service Marks, nor subject to Franchisor's control; and in particular, Franchisor shall have no authority to exercise control over the hiring or termination of such employees, officers, managers, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of such persons, except to the extent necessary to protect the Service Marks. Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor or the owner of the Service Marks in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

14.02 Indemnity

Except as otherwise expressly provided in paragraph 7.07 hereof, Franchisee hereby agrees to protect, defend and indemnify Franchisor, its direct or indirect parents, their subsidiaries, affiliates, officers, directors, employees and designees and hold them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of (a) any Transfer by Franchisee referred to in paragraph 10.02 hereof, (b) acts or omissions of Franchisee that are not in strict compliance with this Agreement and the Operations Manual in respect of use or display of the Service Marks, or (c) acts or omissions of Franchisee that tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Notwithstanding the foregoing, (x) Franchisee shall have no obligation to protect, defend or indemnify Franchisor, its direct or indirect parents, their subsidiaries, affiliates or designees from and against any such costs or expenses arising from the conduct of Franchisor found to be willful, malicious or grossly negligent, and (y) in any proceeding in which Franchisor has been found to have been actively negligent (as opposed to passively negligent or vicariously liable), Franchisor and Franchisee shall each bear all of such costs and expenses (i) in proportion to their share of responsibility in any finding of comparative negligence made in such proceeding or (ii) if no such finding has been made, as shall be determined in a communication and dispute resolution proceeding pursuant to Article XII hereof, based on application of comparative negligence standards.

14.03 Survival of Covenants

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

14.04 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Franchisor and shall be binding upon and inure to the benefit of the Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment by Franchisee contained herein.

14.05 Joint and Several Liability

If Franchisee consists of more than one person or entity, or a combination thereof, the obligation and liabilities to Franchisor of each such person or entity are joint and several.

14.06 Counterparts

This Agreement may be executed in any number of copies, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. Delivery of executed signature pages by facsimile transmission or by PDF (Adobe Portable Document Format or equivalent) electronic image shall be effective and binding.

14.07 Notices

All notices that the parties hereto may be required or may desire to give under or in connection with this Agreement shall be in writing and shall be sent either by United States certified mail, return receipt requested, postage prepaid, or by other reliable overnight delivery service, expenses prepaid, addressed as follows:

If to Franchisor:

BHH Affiliates, LLC
18500 Von Karman Avenue, Suite 400
Irvine, California 92612
Attention: Law Department

If to Franchisee: to the attention of the Responsible Agent and/or Broker at the address indicated in paragraph 17.02(c) hereof unless another or an additional receiving person and/or address is desired by Franchisee, in which event the different receiving person and/or address will be attached hereto as an exhibit.

The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given three business days after deposit in the United States certified mail or on the next business day after delivery to such reliable overnight delivery service as aforesaid.

Although not effective for purposes of giving notice pursuant to this paragraph 14.07, Franchisor and Franchisee each consents to the other forwarding facsimile and electronic mail transmissions to each other, in the case of Franchisor, to the Contact Person designated by

Franchisee pursuant to paragraph 9.07 or anyone else designated by Franchisee in writing to Franchisor.

14.08 CPI Adjustment

The following amounts may be adjusted by Franchisor periodically:

- The Thresholds in subparagraphs 5.02(a) and (b) hereof;
- Marketing Fees and Thresholds set forth in paragraph 5.03 hereof;
- The transfer and processing fees set forth in paragraph 10.02 hereof;

Any other amounts as required by any other provision that by its terms calls for adjustments corresponding to the Consumer Price Index.

The foregoing amounts may be increased by the cumulative annual average percentage increase in the Consumer Price Index from December 31, 2012 through the date of adjustment, provided that the cumulative annual average percentage increase from December 31, 2012 through the date of adjustment shall not exceed the cumulative increase in the Consumer Price Index from December 31, 2012 through the date of adjustment. Franchisor reserves the right to increase the Marketing Fees for the total cumulative annual average percentage increase and for any future increases in the Consumer Price Index.

XV. CONSTRUCTION OF AGREEMENT

15.01 Governing Law

This Agreement and the totality of the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware, subject to the Lanham Act (15 U.S.C. 1051 et seq.) and except as otherwise required by federal law, except that statutes or regulations of that state pertaining to the franchise relationship, termination or renewal thereof, or disclosure with regard thereto, shall apply only to those agreements contemplating operation of a Franchised Business within that state or to a franchisee which, as of the Effective Date, is domiciled in that state.

15.02 Entire Agreement; Modification

This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other promises or agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. Nothing in the Agreement is intended to disclaim Franchisor's representations set forth in its franchise disclosure document. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement. Franchisee agrees that it has executed this Agreement without reliance upon any such unauthorized representation or promise. This Agreement cannot be

modified or changed except by (a) written instrument signed by all of the parties hereto, or (b) Franchisor's reduction of the scope of any of Franchisee's obligations under this Agreement, which may be done without Franchisee's consent and which is effective immediately upon notice. The ability of Franchisor to reduce the scope of any of Franchisee's obligations under this Agreement shall not be interpreted as according Franchisor any right correspondingly to reduce the scope of any of its obligations under this Agreement, unless otherwise specifically empowered to do so hereunder.

15.03 Titles of Convenience

Paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

15.04 Gender

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any paragraph may require.

15.05 Severability

Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Operations Manual and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter shall prevail, but in such event the provision of this Agreement or the Operations Manual thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, Article, paragraph, sentence or clause of this Agreement or the Operations Manual shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining parts thereof shall continue in full force and effect, unless said provision pertains to the payment of fees pursuant to Article V hereof, in which case this Agreement shall terminate.

15.06 No Third Party Beneficiaries

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity shall be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

XVI. SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE PRESIDENT OR OTHER

EXECUTIVE OFFICER OF FRANCHISOR. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY FRANCHISOR WITH ANY DISCLOSURE, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW.

XVII. ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

17.01 Certain Acknowledgements and Representations of Franchisee

Franchisee represents and warrants that the following statements are true and accurate:

(a) Franchisee is a duly licensed real estate broker under the laws of the state within which the Locations are situated and is in compliance with all applicable laws, rules and regulations of cognizant authorities. Additionally, if Franchisee is a partnership, corporation or a limited liability company, the Responsible Agent and/or Broker identified in paragraph 17.02(c) below is a duly licensed real estate broker under the laws of the state within which the Locations are located and is in compliance with all applicable laws, rules and regulations of cognizant authorities.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business and/or the Franchise.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Operations Manual. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor.

(d) If Franchisee is a corporation or limited liability company, Franchisee is duly incorporated or formed and is qualified to do business in the state and any other applicable jurisdiction within which the Locations are located.

(e) The execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement shall constitute a valid and binding obligation of the Franchisee and, if applicable, all of its partners, if Franchisee is a partnership.

(g) Franchisee has, or if a partnership, corporation or other entity, its partners, managers, members, executive officers or its other principals have, carefully read this Agreement and all other related documents to be executed by it concurrently or in conjunction with the execution hereof, that it has obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound thereby.

(h) This Agreement has been developed from the experiences of Franchisor's affiliates and the Network, including Franchisor's current and former employees, agents and franchisees, who collectively possess substantial experience in the business of franchised residential real estate brokerage. The formation of this Agreement and the disclosures made in connection with the franchise relationship set forth herein have been governed in part by the franchise relations acts, the franchise investment laws, the franchise disclosure laws and the regulations promulgated thereunder in the states in which Franchisor and the Network do business. Such laws, regulations and disclosure requirements have been implemented for the protection and benefit of franchisees and prospective franchisees. Franchisee acknowledges that it has been advised to obtain legal advice and counsel to evaluate the opportunity of becoming a franchisee of Franchisor and the benefits and duties of this Agreement. Franchisee acknowledges that it has chosen to enter into this Agreement solely based upon independent judgment as to its needs at a time when other prominent residential real estate franchise opportunities were available.

(i) Neither Franchisor nor any of its representatives has made any of the following representations:

(i) that Franchisor guarantees, conditionally or unconditionally, or make a written or oral representation (a) that would cause a reasonable person in Franchisee's position to believe that income is assured, (b) that Franchisee will derive income from the franchised business, (c) that Franchisee's investment is protected from loss or (d) that Franchisee can earn a profit in excess of its initial payment;

(ii) that Franchisor will refund all or part of the fees paid by Franchisee (including, without limitation, a representation that Franchisor will refund Franchisee's initial payment or return any promissory note upon termination or non-renewal of the franchised business) or repurchase any of the products, equipment, supplies, goods or chattels supplied by Franchisor or its affiliate to Franchisee;

(iii) that Franchisee will be provided with retail outlets or accounts, or assistance in establishing retail outlets or accounts, for the sale or distribution of goods or services; or

(iv) that there is a market for the goods or services to be offered, sold or distributed by Franchisee.

(j) Franchisee acknowledges that Franchisor is relying on the representations and warranties set forth above in deciding to grant a franchise to Franchisee.

17.02 Additional Information Respecting Franchisee

(a) Franchisee represents that attached hereto as Exhibit C is a schedule containing complete information respecting the owners, members, managers, partners, shareholders, officers and directors, as the case may be, of Franchisee.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to paragraph 14.07 hereof) where Franchisee’s financial and other records are maintained is:

(c) The name and business address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to paragraph 14.07 hereof) of Franchisee’s “Responsible Agent or Broker” is:

(d) Franchisee represents that Franchisee has delivered to Franchisor complete and accurate copies of all organizational documents relating to Franchisee, including without limitation all partnership agreements, certificates of partnership, Articles or certificates of incorporation or other organization, by-laws and shareholder or member agreements, including all amendments, side letters and other items modifying such documents.

(e) The term (as described in paragraph 6.01 hereof) of this Agreement expires on _____.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

FRANCHISOR:
BHH AFFILIATES, LLC
a Delaware limited liability company

By: HSF AFFILIATES LLC, its sole member
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

By: _____

Its: _____

By: _____

Its: _____

NONDISCLOSURE, NONCOMPETITION AND NONTRANSFER COVENANT AND PERSONAL GUARANTEE

(To be executed, if Franchisee is not an individual, by all persons, their spouses, and entities who have more than a ten percent equity interest in the Franchisee)

In consideration of the execution by Franchisor of this Franchise Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, being all of the persons and legal entities having more than a ten percent equity interest in Franchisee, do hereby agree, individually and jointly, to comply with and be bound by subparagraph 9.10(a) and all provisions of this Franchise Agreement in any way related to nondisclosure, noncompetition and nontransfer to the same extent as if each of them were the Franchisee, including but not limited to paragraphs 3.04, 7.01, 7.03, 9.04, 9.12, 13.01 and all of Article X, and hereby agree not to engage in any activities not permitted to the Franchisee thereunder (whether on their own behalf or in any capacity on behalf of any entity).

The undersigned hereby unconditionally and irrevocably guarantee the full performance of each and all of the terms, covenants and conditions of said Franchise Agreement to be kept and performed by Franchisee, including, but not limited to, the payment of all sums due thereunder.

The undersigned do hereby further agree that this covenant and agreement on their part shall continue in favor of Franchisor notwithstanding any extensions, modifications, renewals, or alterations of the Franchise Agreement entered into by and between the parties thereto, or their successors or assigns, or notwithstanding any assignment of said Franchise Agreement, and no extension, modification, alteration or assignment of the Franchise Agreement shall in any manner release or discharge the undersigned, and they hereby consent thereto.

The undersigned do hereby waive notice of any demand by Franchisor, as well as notice of nonpayment, nonperformance or default, excepting such notices as may be specifically provided for in the Franchise Agreement.

Franchisor may assign this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee in whole or in part. The undersigned expressly waive the provisions of Section 2845 of the Civil Code of California. All of the obligations of the undersigned under this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee are independent of the obligations of Franchisee under the Franchise Agreement, and a separate action may be brought against the undersigned whether or not an action is brought against Franchisee under the Franchise Agreement.

The parties agree that any controversy or claim arising out of this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee, or any breach thereof, shall be adjudicated in accordance with Article XII of the Franchise Agreement which includes, among other provisions, a waiver of the right to trial by jury.

This Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee (i) shall be executed by all persons, their spouses, and other legal entities who now have and who

shall from time to time have more than a 10 percent equity interest in Franchisee, and the execution hereof by all such persons and legal entities shall be the responsibility of the undersigned; (ii) shall be governed in accordance with the laws of the same state whose laws govern this Franchise Agreement; and (iii) shall be binding upon and inure to the benefit of the respective successors and assigns of the parties herein named.

(Signature)

Name: _____
Residence _____
Address: _____

Residence _____
Telephone _____
Number: _____

(Signature)

Name: _____
Residence _____
Address: _____

Residence _____
Telephone _____
Number: _____

(Signature)

Name: _____
Residence _____
Address: _____

Residence _____
Telephone _____
Number: _____

(Signature)

Name: _____
Residence _____
Address: _____

Residence _____
Telephone _____
Number: _____

List of Exhibits to Franchise Agreement:

Exhibit A – Approved Broker Management Systems

Exhibit B – Original Locations and Other Offices

Exhibit C – Schedule of Names and Addresses of Sole Proprietor or Shareholders, Partners, Principal Officers, and if a Limited Liability Company, Members and Managers, as Applicable and Other Information

EXHIBIT A

| APPROVED BROKER MANAGEMENT SYSTEMS | Vendor Name & Address | Relationship Contact, Title, Phone & Email |
|--|--|---|
| DPN A Division of Lone Wolf Real Estate Technologies, Inc. | DPN Division Office Lone Wolf Real Estate Technologies, Inc. 6830 W. Oquendo Road Suite 200 Las Vegas, NV 89118 (800) 955-3282 | Barbara Kutil (800) 955-3282 barb@dpn.com Jonathan Peterson jpeterson@dpn.com Debbie Lowell Debbie.Lowell@fnis.com www.dpn.com |
| Guru NETworks | Guru NETworks, Inc. 4100 Lafayette Center Drive Suite 103 Chantilly, VA 20151 | Ike Broaddus (800) 487-8638 sales@gurunet.net www.gurunet.net |
| LanTrax | LanTrax, Inc. 1967 Wehrle Drive, Ste. 2 Williamsville, NY 14221 | Aaron Taylor aaron.taylor@lantrax.com (716) 929-0000 |
| Lone Wolf Software A Division of Lone Wolf Real Estate Technologies, Inc. | Lone Wolf Real Estate Technologies, Inc. 1425 Bishop Street, Unit #3 Cambridge, Ontario N1R 6J9 | Sales sales@lewolf.com (866) 279-9653 www.lonewolf.com |
| Lucero Summit A Division of Lone Wolf Real Estate Technologies, Inc. | Lucero Division Office Lone Wolf Real Estate Technologies, Inc. 3191 S. White Mountain Road Show Low, AZ 85901 (928) 537-1300 | Glenn Hunter info@lucerosummit.com www.golucero.com (928)537-1300 x1 |
| REAL/Easy | Executive Systems Inc. 5859 South 108 th Street Hales Corner, WI 53130 | Stan Chmielewski (800) 732-5327 stan@execsys.com www.realeasy.com |
| REALedger | Emphasis Software 9675 NW 117 Avenue, Suite 120 | Andrew Seminari (888) 661-1002 Ext. 6636 aseminari@emphasys-software.com |

EXHIBIT B

ORIGINAL LOCATIONS AND OTHER OFFICES

The following are the Franchisee's Original Locations, including the addresses and telephone numbers for each:

Telephone: ()

Fax: ()

Telephone: ()

Fax: ()

Telephone: ()

Fax: ()

Telephone: ()

Fax: ()

[If more space is needed, please attach separate sheet]

EXHIBIT C

**NAMES AND ADDRESSES OF SOLE PROPRIETOR OR SHAREHOLDERS,
PARTNERS, PRINCIPAL OFFICERS,
AND IF A LIMITED LIABILITY COMPANY, MEMBERS AND MANAGERS, AS APPLICABLE,
AND OTHER INFORMATION**

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:



1. If Franchisee is a sole proprietorship, list below the name and residence address of the sole owner:

2. If Franchisee is a partnership, list below the names, residence addresses and respective percentage ownership interests in the partnership of each partner (and whether any partner is a managing partner) and submit a copy of the partnership agreement, if any, to BHH Affiliates, LLC (if more space is required, attach additional sheets hereto):

| | | | |
|---------|----------|----------|---------|
| | a. _____ | b. _____ | |
| | _____ | _____ | |
| | _____ | _____ | |
| _____ % | _____ | _____ | _____ % |
| | | | |
| | c. _____ | d. _____ | |
| | _____ | _____ | |
| | _____ | _____ | |
| _____ % | _____ | _____ | _____ % |

EXHIBIT C, P.2

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:

3. If Franchisee is a corporation, list below the names, residence addresses and percentage ownership of each shareholder (if more space is required, attach additional sheets hereto):

| | | | |
|---------|-------|----|---------|
| a. | _____ | b. | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| _____ % | _____ | | _____ % |
| | | | |
| c. | _____ | d. | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| _____ % | _____ | | _____ % |

4. If Franchisee is a corporation, list below the names and residence addresses of each director of the corporation, if not previously provided herein (if more space is required, attach additional sheets hereto):

| | | | |
|----|-------|----|-------|
| a. | _____ | b. | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| | | | |
| c. | _____ | d. | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| | _____ | | _____ |

EXHIBIT C, P.3

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:

5. If Franchisee is a corporation, list below the names and residence addresses of each applicable executive officer (if necessary, list other corporate executive officers on additional sheets attached hereto):

a. President:

b. Secretary:

c. Vice President:

d. Treasurer:

6. If Franchisee is a limited liability company, list below the names, residence addresses and respective percentage of ownership interests in the company of each member (and whether any member is a managing member) and submit a copy of the management agreement, if any, to BHH Affiliates, LLC (if more space is required, attach additional sheets hereto):

a. _____

_____ %

b. _____

_____ %

c. _____

_____ %

d. _____

_____ %

EXHIBIT C, P.4

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:

7. If any legal entities have been listed at Items 2, 3 or 6 above, list below the names, residence addresses and percentage ownership of each shareholder, partner or holder of an equity interest therein (if more space is required, attach additional sheets hereto):

| | | | |
|---------|-------|----|---------|
| a. | _____ | b. | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| _____ % | _____ | | _____ % |
| c. | _____ | d. | _____ |
| | _____ | | _____ |
| | _____ | | _____ |
| _____ % | _____ | | _____ % |

8. The term "Designated Equity Holders" as used in the Franchise Agreement including without limitation paragraphs 10.02(b) and 10.03, shall mean the following individuals agreed to by Franchisor and Franchisee:

a. _____

b. _____

FRANCHISEE INITIAL HERE []
[]
[]

**ADDENDUM TO REAL ESTATE
BROKERAGE FRANCHISE AGREEMENT FOR
ADDITIONAL LOCATION**

**ADDENDA TO REAL ESTATE
BROKERAGE FRANCHISE AGREEMENT FOR
ADDITIONAL RESTRICTED PURPOSE LOCATIONS**

**AMENDMENT TO
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT
(Residential Exclusivity Amendment)**

and

Optional:
**COMMERCIAL RESOURCE TIER II
SUBSCRIPTION AGREEMENT**

**ADDENDUM TO REAL ESTATE
BROKERAGE FRANCHISE AGREEMENT FOR
ADDITIONAL LOCATION**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Location ("Addendum") is made and entered into as of this ____ day of _____, 20____, (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and _____, a _____ doing business in the state of _____ as Berkshire Hathaway HomeServices _____ ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement effective _____ ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional location at _____ ("Additional Location").

1.3 Franchisor hereby agrees to grant its approval for the Additional Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Location as an Additional Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Location fee of \$2,500.00.

OR

Franchisee hereby authorizes Franchisor to deduct the Additional Location fee of Two Thousand Five Hundred Dollars (\$2,500.00) from Franchisee's ACH Account.

3. Representations of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement and that the Additional Location shall remain open on a full-time basis after the Effective Date. Franchisee further agrees that, in addition to the initial fee described above, Franchisee will pay to

Franchisor Continuing Royalties and other fees as set forth in the Franchise Agreement attributable to the Additional Location.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Location, including but not limited to the real property on which the Additional Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Location is situated.

4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Location.

5. Counterparts; Electronic Signatures

Franchisor and Franchisee agrees that this Addendum may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Addendum. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Addendum shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

FRANCHISEE:

a(an) _____

By: _____
Name
Its: Title

By: _____
Name
Its: Title

FRANCHISOR:
BHH AFFILIATES, LLC,
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By: _____

Its: _____

**ADDENDUM TO REAL ESTATE
BROKERAGE FRANCHISE AGREEMENT FOR
ADDITIONAL RESTRICTED PURPOSE LOCATION
(Service Center)**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Restricted Purpose Location ("Addendum") is made and entered into as of this «Date_Agrmt_Entered_», (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and «Legal_Name_», a (an) «Entity_State» «Entity_Type» doing business in the state of «Entity_St_does_Bus» as Berkshire Hathaway HomeServices «DBA» ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement which became effective on «Agrmt_Effective» ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Restricted Purpose Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional office location at «New_Location» which meets Franchisor's criteria for designation as an Additional Restricted Purpose Location as such term is defined in the Franchise Agreement.

1.2 Franchisor hereby agrees to grant its approval for the Additional Restricted Purpose Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Restricted Purpose Location as an Additional Restricted Purpose Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00).

OR

Franchisor shall deduct the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00) from Franchisee's Depository Checking Account.

3. Representations and Acknowledgment of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement. Franchisee agrees that it shall operate the Restricted Purpose Location in accordance with the Operations Manual and further acknowledges that (a) the Restricted Purpose Location may not appear in any of Franchisee's marketing or advertising materials, including Franchisee's website (b) there can be no sales activity performed nor may any of Franchisee's sales professionals be licensed through the Additional Restricted Purpose Location, (c) the Restricted Purpose Location may only be used for purposes of a service center and (d) no signage will be permitted in connection with the Additional Restricted Purpose Location.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Restricted Purpose Location, including but not limited to the real property on which the Additional Restricted Purpose Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Restricted Purpose Location is situated.

3.3 Franchisee further represents and warrants that the Additional Restricted Purpose Location currently meets all of Franchisor's criteria for a service center as set forth in the Operations Manual and that the Additional Restricted Purpose Location will continue to meet such criteria. In the event that Franchisee wishes to change the use of the Additional Restricted Purpose Location to something other than a service center, Franchisee will seek Franchisor's consent thereto which consent, Franchisee acknowledges, may be granted or withheld in Franchisor's sole discretion.

4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Restricted Purpose Location.

5. Counterparts; Electronic Signatures

Franchisor and Franchisee agrees that this Addendum may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Addendum. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Addendum shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

FRANCHISEE:

«Legal_Name_»

a(an) «Entity_State» «Entity_Type»

By: _____

«Owner_1»

Its: «Owner_1_Title»

By: _____

«Owner_2»

Its: «Owner_2_Title_»

FRANCHISOR:

BHH AFFILIATES, LLC,

a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By: _____

«Atty»

Its: «Atty_Title»

**ADDENDUM TO REAL ESTATE
BROKERAGE FRANCHISE AGREEMENT FOR
ADDITIONAL RESTRICTED PURPOSE LOCATION
(Subdivision Sales Office)**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Restricted Purpose Location ("Addendum") is made and entered into as of this «Date_Agrmt_Entered_», (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and «Legal_Name_», a (an) «Entity_State» «Entity_Type» doing business in the state of «Entity_St_does_Bus» as Berkshire Hathaway HomeServices «DBA» ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement which became effective on «Agrmt_Effective» ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Restricted Purpose Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional office location at «New_Location» which meets Franchisor's criteria for designation as an Additional Restricted Purpose Location as such term is defined in the Franchise Agreement.

1.2 Franchisor hereby agrees to grant its approval for the Additional Restricted Purpose Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Restricted Purpose Location as an Additional Restricted Purpose Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00)

OR

Franchisor shall deduct the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00) from Franchisee's Depository Checking Account.

3. Representations and Acknowledgment of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement.

Franchisee agrees that it shall operate the Restricted Purpose Location in accordance with the Operations Manual and further acknowledges that the Restricted Purpose Location may only be used for subdivision sales activities.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Restricted Purpose Location, including but not limited to the real property on which the Additional Restricted Purpose Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Restricted Purpose Location is situated.

3.3 Franchisee further represents and warrants that the Additional Restricted Purpose Location currently meets all of Franchisor's criteria for a Subdivision Sales Office as set forth in the Operations Manual and that the Additional Restricted Purpose Location will continue to meet such criteria. In the event that Franchisee wishes to change the use of the Additional Restricted Purpose Location to something other than a Subdivision Sales Office, Franchisee will seek Franchisor's consent thereto which consent, Franchisee acknowledges, may be granted or withheld in Franchisor's sole discretion.

4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Restricted Purpose Location.

5. Counterparts; Electronic Signatures

Franchisor and Franchisee agrees that this Addendum may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Addendum. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Addendum shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

FRANCHISEE:

«Legal_Name_»

a(an) «Entity_State» «Entity_Type»

By: _____

«Owner_1»

Its: «Owner_1_Title»

By: _____

«Owner_2»

Its: «Owner_2_Title_»

FRANCHISOR:
BHH AFFILIATES, LLC,
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By: _____
«Atty»

Its: «Atty_Title»

**ADDENDUM TO REAL ESTATE
BROKERAGE FRANCHISE AGREEMENT FOR
ADDITIONAL RESTRICTED PURPOSE LOCATION
(Information Kiosk)**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Restricted Purpose Location ("Addendum") is made and entered into as of this «Date_Agrmt_Entered_», (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and «Legal_Name_», a (an) «Entity_State» «Entity_Type» doing business in the state of «Entity_St_does_Bus» as Berkshire Hathaway HomeServices «DBA» ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement which became effective on «Agrmt_Effective» ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Restricted Purpose Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed Information Kiosk located at «New_Location» which meets Franchisor's criteria for designation as an Additional Restricted Purpose Location as such term is defined in the Franchise Agreement.

1.2 Franchisor hereby agrees to grant its approval for the Additional Restricted Purpose Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Restricted Purpose Location as an Additional Restricted Purpose Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00).

OR

Franchisee hereby authorizes Franchisor to deduct the Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00) from Franchisee's ACH Account.

3. Representations and Acknowledgment of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise

Agreement. Franchisee agrees that it shall operate the Restricted Purpose Location in accordance with the Operations Manual and further acknowledges that (a) no permanent signage will be permitted in connection with the Additional Restricted Purpose Location except for displaying sandwich or yard signs during the hours that the Additional Restricted Purpose Location is manned, (b) the Additional Restricted Purpose Location may not be served by direct, inbound telephone numbers made available to customers or the general public, (c) the Additional Restricted Purpose Location may only be used for providing information with no sales activities conducted (d) no advertising may be published that gives the impression that the Additional Restricted Purpose Location is a Location and (e) the address of the Additional Restricted Purpose Location shall not be used on advertising, business cards or stationary.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Restricted Purpose Location, including but not limited to the real property on which the Additional Restricted Purpose Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Restricted Purpose Location is situated.

3.3 Franchisee further represents and warrants that the Additional Restricted Purpose Location currently meets all of Franchisor's criteria for an Information Kiosk as set forth in the Operations Manual and that the Additional Restricted Purpose Location will continue to meet such criteria. In the event that Franchisee wishes to change the use of the Additional Restricted Purpose Location to something other than an Information Kiosk, Franchisee will seek Franchisor's consent thereto which consent, Franchisee acknowledges, may be granted or withheld in Franchisor's sole discretion.

4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Restricted Purpose Location.

5. Counterparts; Electronic Signatures

Franchisor and Franchisee agrees that this Addendum may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Addendum. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Addendum shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

FRANCHISEE:

«Legal_Name_»

a(an) «Entity_State» «Entity_Type»

By: _____

«Owner_1»

Its: «Owner_1_Title»

By: _____

«Owner_2»

Its: «Owner_2_Title_»

FRANCHISOR:

BHH AFFILIATES, LLC,

a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By: _____

«Atty»

Its: «Atty_Title»

**AMENDMENT TO
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT
(Residential Exclusivity Amendment)**

This _____ Amendment to Real Estate Brokerage Franchise Agreement (“Exclusivity Amendment”) is made and entered into this ____ day of _____, _____ but shall be effective as of the "Effective Date" as that term is defined in that certain First Amendment to Real Estate Brokerage Franchise Agreement (“First Amendment”) which is being executed concurrently herewith by and between BHH Affiliates, LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ proposing to do business in the State of _____ as Berkshire Hathaway HomeServices _____ (“Franchisee”), with reference to the following facts:

A. Franchisor and Franchisee are concurrently herewith executing a Real Estate Brokerage Franchise Agreement and the First Amendment (together the “Franchise Agreement”), under the terms of which Franchisee, upon the Effective Date of the Franchise Agreement, will be licensed by the Franchisor to use a certain "System," including proprietary marks of Franchisor, for the promotion and assistance of Franchisee’s independently owned and operated real estate brokerage business.

B. Franchisee and Franchisor desire to provide for certain exclusive territory rights as more fully set forth below.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Grant of Limited Exclusivity.

Subject to the further provisions of this Exclusivity Amendment, Franchisor agrees that Franchisor will not license any person or entity to use the System by Acting as a Real Estate Broker with respect to residential real estate transactions from business premises owned or leased by such person or entity in the Exclusive Territories (as defined below) during the term of the Franchise Agreement which expires _____ years from the Effective Date. Nothing herein shall limit the right of Franchisor to use, develop or license rights other than the System that is the subject of the Franchise Agreement or to use or license the Service Marks that are part of the System for business purposes other than use of the System, including without limitation the licensing of the service marks in connection with the grant of a commercial only real estate brokerage franchise. Furthermore, Franchisee acknowledges that nothing herein shall prevent other franchisees of Franchisor who have Locations and places of business outside the Exclusive Territory from Acting as a Real Estate Broker with respect to residential properties located within the Exclusive Territories, and nothing herein shall prevent other franchisees of Franchisor from having Locations and other places of business outside the boundaries of any or all of the Exclusive Territory, as defined below.

2. Exclusive Territory.

The "Exclusive Territory" consists of the following geographical area:

_____.

3. Existing Franchisees.

(a) Franchisee acknowledges that there may be existing franchisees who operate in the Berkshire Hathaway HomeServices, Prudential Real Estate or Real Living Real Estate franchise systems (the "Existing Franchisees") who may currently operate from places of business located within the Exclusive Territory. The parties agree that, if there are any Existing Franchisees on the Effective Date, Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to the Existing Franchisees in the Exclusive Territory, and Franchisor may license any Existing Franchisee to use the System by Acting as a Real Estate Broker from the business premises owned or leased by Existing Franchisees in the Exclusive Territory from which such Existing Franchisee currently operates, as well as any new business premises not currently so owned or leased, notwithstanding any change in the ownership or management of such Existing Franchisee or in the event of an assignment of such Existing Franchisee's franchise agreement to another person or entity who shall be considered an Existing Franchisee.

(b) Franchisee further acknowledges and agrees that Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to (i) any real estate brokerage currently owned, directly or indirectly, by HomeServices of America, Inc. ("HSOA Brokerage") operating from any location(s) within the exclusive territories, (ii) any franchisees ("HSOA Brokerage Franchisees") associated with any HSOA Brokerage operating from any locations within the Exclusive Territories, (iii) any real estate brokerage subsequently acquired, directly or indirectly by HomeServices of America, Inc. ("Subsequently Acquired HSOA Brokerage") which is operating from locations within the Exclusive Territories as well as (iv) any franchisees ("Subsequently Acquired HSOA Brokerage Franchisees") associated with any Subsequently Acquired HSOA Brokerage operating from any locations within the Exclusive Territories. Franchisor may license any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee and Subsequently Acquired HSOA Brokerage Franchisee to use the System by Acting as a Real Estate Broker from (i) the business premises owned or leased by any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee in the Exclusive Territories from which such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee operates, as well as any new business premises not then so owned or leased, notwithstanding any change in the ownership or management of such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee or in the event of an assignment of such HSOA Brokerage's, Subsequently Acquired HSOA Brokerage's, HSOA Brokerage Franchisee's or Subsequently Acquired HSOA Brokerage Franchisee's franchise agreement to another person or entity who shall be considered an HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee, as the case may be.

4. Minimum Performance –Exclusive Territory.

No later than December 31, _____, and for each year ended December 31 thereafter, Franchisee shall (i) maintain no less than a _____ percent (____%) Market Share, and (ii) rank as one of the top _____ companies within the Exclusive Territory, with each of (i) and (ii) based on closed dollar volume of residential transactions for properties located in the Exclusive Territory.

Market Share is defined as the percentage that Franchisee's total closed dollar volume of residential transactions for properties located in the Exclusive Territory for the calendar year being measured bears to the total closed dollar volume of residential transactions for all properties located in the Exclusive Territory for the calendar year being measured.

Franchisor shall make its determination as to whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory using closed residential transaction information reported to Franchisor by Franchisee, or alternatively, Franchisor may utilize quarterly statistical reports issued by a third party vendor employed by Franchisor for such purpose. In the event Franchisor's vendor ceases to provide such information, then Franchisor may obtain such information from another source which is, in Franchisor's reasonable discretion, a substitute for such information, in which case the substitute information shall constitute company ranking information and the Franchisee closed dollar volume and closed board volume information used to determine whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory. Should Franchisor determine that the necessary information can only be obtained from one or more Multiple Listing Services in which Franchisee participates, then in such event, Franchisee shall provide access to such Multiple Listing Service(s) for the limited purpose stated herein. Franchisor shall provide to Franchisee a written summary of its calculation and the information used to support it.

Alternatively, if requested by Franchisor, then within ninety (90) days after any such request, Franchisee shall provide Franchisor with information about closed residential transactions in the Exclusive Territory, Franchisee's financial information and any other information that Franchisor shall, in its reasonable discretion, determine is necessary and in such form as may be reasonably directed by Franchisor to enable it to make its determination. Franchisee agrees that such information is necessary to allow Franchisor to determine whether or not Franchisee has met the minimum performance requirements for any Exclusive Territory.

5. Termination of Exclusivity.

(a) If Franchisee fails to meet the required minimum performance criteria as set forth in paragraph 4 above, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately.

(b) If any payments of Continuing Royalties, Marketing Fees or any other amounts due to Franchisor from Franchisee under the terms of the Franchise Agreement are delinquent and unpaid (a "Payment Default") after written notice and demand to cure from Franchisor as provided for in the Franchise Agreement; then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately without further opportunity to cure and this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

(c) If Franchisee is in material breach (other than a Payment Default) of any material provision of the Franchise Agreement, or any other agreement to which both Franchisor or any of its affiliates and either Franchisee or any of its affiliates or Equity Holders are party, after written notice and demand to cure from Franchisor as set forth in the Franchise Agreement or any other agreement, as the case may be, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

6. Construction of Amendment.

(a) Entire Agreement. The foregoing constitutes the entire agreement between the parties hereto with respect to the matters set forth herein; all other understandings or representations, whether oral or written, having been incorporated herein, are otherwise superseded.

(b) Effect on Franchise Agreement. The parties agree that the terms and conditions of this Exclusivity Amendment supersede inconsistent terms of the Franchise Agreement,

that the Franchise Agreement is hereby modified as set forth herein, and that this Exclusivity Amendment constitutes a part of the Franchise Agreement. All of the terms and conditions of the Franchise Agreement not specifically modified herein shall remain in full force and effect.

(c) Counterparts; Electronic Signatures. Franchisor and Franchisee agrees that this Exclusivity Amendment may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Exclusivity Amendment. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Exclusivity Amendment shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

7. Confidentiality.

Franchisee acknowledges that Franchisor is willing to enter into this Exclusivity Amendment subject to the condition that Franchisee maintains the confidentiality of this Exclusivity Amendment as set forth in this paragraph. Franchisee agrees that it will maintain the confidentiality of this Exclusivity Amendment and will not permit the terms hereof or the content of discussions between Franchisee and Franchisor or their representatives related hereto to be disclosed to any parties other than the parties hereto and Franchisee's officers, shareholders, attorneys and accountants and also agrees that it shall cause any party to which it discloses such terms or conditions to maintain the confidentiality of such information and not to disclose such information to any parties other than those to whom Franchisee is permitted to make disclosures under this paragraph. Franchisor acknowledges that this paragraph shall not prohibit Franchisee from making disclosures required by law. Franchisee agrees however, that prior to making such disclosure it shall provide Franchisor with prompt notice of such requirement and shall cooperate with Franchisor in seeking a protective order waiving such disclosure and obtaining reliable assurance that confidential treatment will be accorded to any confidential information disclosed.

IN WITNESS WHEREOF, the parties hereto have caused this Exclusivity Amendment to be executed on or as of the date indicated above:

FRANCHISEE:

By:
Its:

FRANCHISOR:
BHH AFFILIATES, LLC
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By:
Its:

COMMERCIAL RESOURCE TIER II
SUBSCRIPTION AGREEMENT

(Broker ID # _____)

This **COMMERCIAL RESOURCE TIER II SUBSCRIPTION AGREEMENT** ("Agreement") is made and entered into on the ____ day of _____, 201__ ("Effective Date"), by and between **ORION Commercial Services, LLC**, a Florida Limited Liability Company ("ORION"), with offices located at 1529 S. Dale Mabry Highway, Suite 100, Tampa, FL 33629, and _____. (Subscriber) doing business in the state of _____ as **Berkshire Hathaway HomeServices** _____ and with offices located at: _____.

WITNESSETH:

WHEREAS, Subscriber has entered into a Residential Real Estate Brokerage Franchise Agreement with BHH Affiliates LLC ("BHH"). In addition, to representing buyers and sellers of residential real estate, Subscriber may also represent buyers and sellers of commercial real estate, as permitted by the terms of Subscriber's franchise agreement with BHH.

WHEREAS, BHH, BRER Affiliates LLC ("BRER"), Real Living Real Estate, LLC ("RLRE") and ORION are parties to that certain Service Provider Agreement, pursuant to which ORION has agreed to host and maintain its website (now accessible through www.bhhsresource.com) for the benefit of BRER, BHH and RLRE franchisees and to deliver additional services. Subscriber wishes to enter into this Agreement in order to avail itself of certain additional services not provided by BHH pursuant to the terms of Subscriber's franchise agreement with BHH including those commercial real estate brokerage training, technology and consulting services more particularly described in Attachment I which is attached hereto and incorporated hereby by this reference.

NOW THEREFORE, in consideration of the foregoing facts and other valuable consideration, the receipt and adequacy of which is hereby acknowledge, the parties hereto do hereby agree as follows:

1. SERVICES TO BE PROVIDED. ORION shall make available to Subscriber the training, technology and consulting services as described in Attachment "1" ("Services"). Subscriber acknowledges that ORION may, with BHH's, BRER's and RLRE's prior written consent, subcontract with another provider for the delivery of the Services. Subscriber shall be responsible for any travel, lodging, food, entertainment and miscellaneous costs incurred by Subscriber in connection with ORION's delivery of the service as well as any fees for additional training, products or services desired by Subscriber which are not included in the terms of this agreement and which may be agreed upon by the parties.

2. SUBSCRIPTION FEE. Subscriber shall pay to ORION an annual subscription fee of Three Thousand U.S. Dollars (\$3,000.00) paid in a lump sum at the beginning of each subscription period. The subscription fee shall be made payable to **ORION Commercial Services, LLC**. Subscriber shall pay the first annual subscription fee upon the execution and delivery of this Agreement and on the first day of each additional subscription period. As used herein, the term "subscription period" shall mean the twelve (12) month period following the Effective Date and each additional twelve (12) month period thereafter. Subscriber acknowledges that ORION may adjust the annual subscription fee, from time to time, at ORION's sole discretion, however, in no event (a) shall ORION adjust the annual subscription fee more than one time in any subscription period and (b) any such adjustment shall not affect the then current remaining term of

Subscriber's subscription.

2. LIMITATION OF LIABILITY. UNDER NO CIRCUMSTANCES SHALL ORION OR ITS AFFILIATES BE LIABLE TO SUBSCRIBER FOR ANY CONSEQUENTIAL, INDIRECT OR INCIDENTAL LOSS OR DAMAGE (INCLUDING CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE) HOWSOEVER CAUSED OR ARISING OUT OF ORION'S DELIVERY OF THE SERVICES UNLESS SUCH LOSS OR DAMAGE IS CAUSED BY ORION'S GROSS NEGLIGENCE OR ORION'S ACTUAL INFRINGEMENT ON THE RIGHTS OF OTHERS IN THE COURSE OF ORION'S DELIVERY OF THE SERVICES.

4. ORION'S INTELLECTUAL PROPERTY RIGHTS. Subscriber shall recognize and respect the rights of ORION in its' trademarks and trade names, and Subscriber shall not use any other trademarks or trade names in conjunction with the Subscribers without prior written consent of ORION. Subscriber shall supply to ORION samples of any labels or advertising material used by Subscriber and bearing any trademarks or trade names of ORION. Subscriber shall only be permitted to use ORION's logo and/or name in strict compliance with ORION's consent and approval. Subscriber shall also recognize and respect the rights of ORION in the ORION or other technology provided by ORION, as well as any related intellectual property including, but not limited to systems, processes, forms, templates and training materials and Subscriber shall not use such technology or intellectual property without the consent of ORION.

Section 4.01 – Ownership and Title: Title to the ORION Technology, including ownership rights to patents, copyrights, trademarks, systems, processes, forms, templates, education, training and trade secrets in connection therewith shall be the exclusive property of ORION.

Section 4.02 – Reverse Engineering: Subscriber shall not reverse engineer the Software and shall use reasonable efforts to prevent reverse engineering of the Software. For purposes of this Agreement, the term "Software" means the Commercial REsource Technology Platform, powered by ORION Commercial Services, LLC.

Section 4.03 – Modifications: Subscriber shall not copy the Software and Documentation and shall not allow the Software and Documentation to be copied without the prior written consent of ORION. Subscriber shall not modify the Software and Documentation and shall not allow the Software and Documentation to be modified without the prior written consent of ORION. If the Software or Documentation is modified, such modifications shall be the sole and exclusive property of ORION and ORION shall own any and all of the rights, title, and interests to such modifications, including (but not limited to) any and all copyrights, patents, and trade secrets related thereto. For purposes of this Agreement, the term "Documentation" means any and all written and/or printed material contained in Commercial REsource, whether now or in the future.

Section 4.04 – Proprietary Information: Subscriber shall not disclose Proprietary Information except to Authorized Persons. For purposes of this Agreement, "Proprietary Information" shall mean ORION's confidential, business and proprietary information, including without limitation information relating to technology, such as computer systems and systems architecture, computer hardware, computer software, source code, object code, documentation, methods of processing and operational methods. "Authorized Persons" shall mean any active employee, owner, broker, manager or sales professional of a Berkshire Hathaway HomeServices franchisee who has been assigned a roster management role in BHH's CRM system of: Commercial REsource Company Manager, Commercial REsource Office Manager, or Commercial REsource User. Subscriber shall hold Proprietary Information in strict confidence and shall not duplicate, use or disclose Proprietary Information except as otherwise permitted under this Agreement. Subscriber hereby acknowledges and agrees that the Proprietary Information derives independent economic value

(actual or potential) from not being generally known to other persons who can obtain economic value from its disclosure or use and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; is the subject of reasonable efforts under the circumstances to maintain its secrecy; and is a trade secret as defined under the Restatements.

Section 4.05 – No Contest: Subscriber shall not contest or aid in contesting the ownership or validity of the copyrights, trademarks, service marks and trade secrets of ORION in connection with the ORION Technology Platform and content.

Section 4.06 – Employee Pirating: Subscriber shall not induce or solicit (directly or indirectly) any Associate of ORION to leave the employ or hire of ORION or engage (directly or indirectly) the services of such Associates (as an employee, consultant, independent contractor or otherwise) without the prior written consent of ORION. “Associates” shall include any owner, employee, services provider, or contractor of ORION Commercial Services, LLC.

Section 4.07 – Non-compete: Subscriber shall not (directly or indirectly) promote, advertise, market or provide any product or service similar to or competitive with the Software or Services. “Services” shall mean any and all functions of ORION Commercial Services, LLC provided to Tier II Subscribers as defined herein.

5. TERMINATION.

- (a) Either party may terminate this Agreement at any time upon at least thirty (30) days prior written notice to the other party.
- (b) This Agreement shall automatically terminate in the event that the Service Provider Agreement by and between BRER, BHH, RLRE and ORION expires or is terminated for any reason.
- (c) ORION shall have the right to terminate this Agreement upon ten (10) days prior written notice in the event Subscriber fails to pay the annual subscription fee referred to in paragraph 2 of this agreement within ten (10) days of its’ due date.
- (d) Upon termination of this Agreement, Subscriber shall immediately cease using the technology provided by ORION and any related intellectual property, and shall immediately return to ORION all such technology, property, documents and other information provided by ORION. ORION shall immediately terminate Subscriber’s access to ORION.

6. ASSIGNABILITY. Except to any person or entity to which Subscriber has assigned its franchise agreement with BHH (and BHH has consented to said assignment) this Agreement shall not be assigned by Subscriber without the prior written consent of the ORION.

7. NOTICES. Any notice required or authorized be given pursuant to this Agreement, except for routine and typical shipment documentation, shall be served by overnight delivery courier or by certified letter, return receipt requested, addressed to ORION or Subscriber (as the case may be) at the applicable address stated in this Agreement. Notices required by this Agreement shall be addressed to any other addresses which may be specified by either party by written notice to the other.

8 ENTIRE AGREEMENT AND MODIFICATIONS. This Agreement, including any exhibits, constitutes the entire agreement between the parties with respect to the subject matter and supersedes and terminates all prior agreements between the parties relating to the same subject matter. Unless otherwise stated in this Agreement, any change, addition, deletion or waiver of the terms and conditions of this Agreement shall be binding upon the parties only if approved in writing by authorized representatives of the parties. The failure of either party to require the performance of any term or condition of this Agreement, or the waiver of either party of any breach of this Agreement, shall not prevent a later enforcement of such term or condition or be deemed a waiver of any later breach. If any provision or paragraph of this Agreement shall be deemed legally invalid, the other provisions and paragraphs shall remain in full force and effect.

9. GOVERNING LAW AND VENUE. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida without giving effect to the conflict-of-laws provisions thereof. Any action, suit or proceeding in respect of or arising from or out of this Agreement shall be prosecuted as to any party hereto or thereto in Pasco County, Florida. Each party hereto consents to the exercise of jurisdiction over its person by any court situated in Pasco County, Florida and having jurisdiction over the subject matter of any action, suit or proceeding arising from or out of or in respect of this Agreement. Adequate notice of any such action, suit or proceeding in any such court shall conclusively be deemed to have been given to any party hereto against who the same is instituted if given to such party in accordance with the provisions of this Agreement or of the Florida Rules of Civil Procedure or otherwise in accordance with due process of law.

10. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, taken together, shall be deemed to constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

ORION:

ORION Commercial Services, LLC

SUBSCRIBER:

**Db a Berkshire Hathaway
HomeServices**_____

By: _____
Michael W. Fields, President

By: _____

Print Name

Its:

Attachment 1 to Tier II Participation Agreement

ORION Intranet Technology including:

- Complete Business Forms Inventory
 - Complete Listing System (PowerPoint & MS Word Presentations)
 - Sales & Leasing
 - Seller Representation
 - Buyer Representation
 - Landlord Representation
 - Tenant Representation
 - Build To Suit
 - Sample Listing/Representation & Commission Agreements
 - Confidentiality/Non-Disclosure/Non-Circumvention Agreements
 - Associate Business Planning & Review
 - Annual Associate Business Planning
 - Weekly Goals Setting
 - Quarterly Associate Performance Review
 - Market Segmentation Worksheet
 - Sample Disclosure Agreements
 - Property Management Forms
 - General Commercial
 - Residential/Apartment/Condo
 - Retail
 - Office Administration Forms
- National Network PROPERTY SEARCH Module
- National NETWORK COMMERCIAL ASSOCIATE Search Module
- Listing syndication to industry commercial property data base providers
- Network Wide Announcements & Local Office Events Listings
- PDF property flyer creation
- Social media placement options
- Helpful Links – Common (and not so common) Commercial Real Estate Related Web Site Links
- Investment Analysis Forms
- Sample Property Profile Templates
 - Office
 - Industrial
 - Retail
 - Multi-Family
 - Vacant Land
 - Investment
- Sample RFP's, Proposals and Letters of Intent
- Sales Professional Recruiting & Interviewing System
- Listing Process w/ Integrated Presentations, Proposals & Reports
- Targeted Marketing Program
- Marketing Budget Rationale
- In-House Training Program
 - Four Weeks Toward Success™ New Associate Start-Up Program
 - CREST™ (Commercial Real Estate Success Training – 26 Modules)
 - Sales Tips
- Live, Web Based Admin. Training and Orientation for ORION
- PowerPoint Associate Orientation and Training for ORION

Commercial Resource Access Fee Schedule

| Feature | Tier II Access | Advances Access (Includes Public Site) |
|---|----------------|--|
| ORION Web Site Access | Included | Included |
| Unlimited # of Company Users | Included | Included |
| Company Documents Folder | Included | Included |
| Recent Sales Module | Included | Included |
| Helpful Links | Included | Included |
| Watch List | Included | Included |
| News & Announcements | Included | Included |
| Real Estate News | Included | Included |
| Closed & Pending Transactions Tracking | Included | Included |
| Active Assignments Tracking | Included | Included |
| Expirations Tracking & Notifications | Included | Included |
| Training Library | Included | Included |
| Company Admin. Functions | Included | Included |
| Expert Support | Included | Included |
| Data feeds to www.bhhscre.com | Included | Included |
| Data feeds to Publicly Accessible CIE Platforms | Included | Included |
| Content Management Module | N/A | Included |
| Public Web Site Template | N/A | Included |
| Public Web Site Linkage & Hosting | N/A | Included |
| Annual Tier II Subscription Fee | \$3,000 | \$3,000 |
| One Time Public Site Set Up Fee | N/A | \$3,500 |
| Monthly Public Site Hosting Fee | N/A | \$100 |

EXHIBIT B
LIST OF CURRENT AND FORMER FRANCHISEES
AS OF 12/31/2016



BHH Affiliates, Inc.
Franchisees as of 12/31/2016
 By State and City

| Franchisee Business Name | Franchisee Mailing Address | City | State | Zip | Phone Number | Primary Contact |
|---|-----------------------------------|------------------|-------|-------|----------------|-----------------------|
| ALABAMA | | | | | | |
| Berkshire Hathaway Homeservices Preferred Real Estate | 1810 E. Glenn Ave., Ste. 130 | Auburn | AL | 36830 | (334) 826-1010 | Stacy Williams Jordan |
| Berkshire Hathaway Homeservices Nichols Real Estate | 6351 Monroe St. | Daphne | AL | 36526 | (251) 621-1000 | Claudene Nichols |
| Berkshire Hathaway Homeservices Showcase Properties | 2307 Hartford Hwy., Ste. 5 | Dothan | AL | 36305 | (334) 792-7474 | Susan Vierkandt |
| Berkshire Hathaway Homeservices Cooper & Co., REALTORS | 900 Hillcrest Rd., Ste. B-1 | Mobile | AL | 36695 | (251) 639-4000 | Patricia V. Cooper |
| ARIZONA | | | | | | |
| Berkshire Hathaway Homeservices Advantage Realty | 609 S. Beeline Hwy. | Payson | AZ | 85541 | (928) 474-2337 | Cliff Potts |
| Berkshire Hathaway Homeservices Premier Properties | 7231 E. Speedway | Tucson | AZ | 85710 | (520) 577-8333 | Fawn Whitford |
| ARKANSAS | | | | | | |
| Berkshire Hathaway Homeservices Solutions Real Estate | 2905 S. Walton Blvd., Ste. 29 | Bentonville | AR | 72712 | (479) 271-2424 | James H. Brandon |
| Berkshire Hathaway Homeservices 1st Realty | 2917 King St. | Jonesboro | AR | 72401 | (870) 336-7653 | Greg Baugh |
| CALIFORNIA | | | | | | |
| Berkshire Hathaway Homeservices California Properties | 31730 Railroad Canyon Rd., Ste. 4 | Canyon Lake | CA | 92587 | (951) 244-2353 | Paula Clark |
| Berkshire Hathaway Homeservices California Properties | 18000 Studebaker Rd., Ste. 600 | Cerritos | CA | 90703 | (562) 860-2625 | Bruce Mulhearn |
| Berkshire Hathaway Homeservices Redwood Realty | 3015 F St. | Eureka | CA | 95501 | (707) 825-8177 | Karen Orsolics |
| Berkshire Hathaway Homeservices Sonoma County Properties | 16315 Main St. | Guerneville | CA | 95446 | (707) 869-9011 | Debra Johnson |
| Berkshire Hathaway Homeservices California Realty | 26940 E. Baseline, Ste. 101 | Highland | CA | 92346 | (909) 862-4851 | Colleen Choisnet |
| Berkshire Hathaway Homeservices California Properties | 5848 Edinger Ave. | Huntington Beach | CA | 92649 | (714) 846-4485 | Bruce Mulhearn |
| Berkshire Hathaway Homeservices Crest Real Estate | 4005 Foothill Blvd. | La Crescenta | CA | 91214 | (818) 248-9100 | Razmik Mirzakhianian |
| Berkshire Hathaway Homeservices Troth, REALTORS | 1801 W. Ave. K | Lancaster | CA | 93534 | (661) 948-4646 | Mark Troth |
| Berkshire Hathaway Homeservices California Properties | 9003 Reseda Blvd., Ste. 105 | Northridge | CA | 91324 | (818) 993-8900 | Bruce Mulhearn |
| Berkshire Hathaway Homeservices California Properties | 2905 Tahquitz Canyon Wy. | Palm Springs | CA | 92262 | (760) 323-5000 | Hank Hampton |
| Berkshire Hathaway Homeservices Hallmark Realty | 800 11th St. | Paso Robles | CA | 93446 | (805) 237-4700 | Vickie Mullins |
| Berkshire Hathaway Homeservices California Properties | 500 Cypress Street, Ste. 3 | Pismo Beach | CA | 93449 | (805) 556-3100 | Bryan Friedman |
| Berkshire Hathaway Homeservices California Realty | 10750 Civic Center Dr. | Rancho Cucamonga | CA | 91730 | (909) 980-3100 | Kwang Ja Senecal |
| Berkshire Hathaway Homeservices Perrie Mundy Realty Group | 214 East Olive Avenue | Redlands | CA | 92373 | (909) 307-0616 | Perrie Mundy |
| Berkshire Hathaway Homeservices Dunnigan Properties | 6355 Riverside Blvd., Ste. A | Sacramento | CA | 95831 | (916) 422-3756 | Craig Dunnigan |
| Berkshire Hathaway Homeservices Real Time Realty | 1459 N. Davis Road | Salinas | CA | 93907 | (831) 444-8500 | Adoracion Lopez |
| Berkshire Hathaway Homeservices California Realty | 180 El Camino Real | San Bruno | CA | 94066 | (650) 589-1000 | Larry Franzella |
| Berkshire Hathaway Homeservices California Properties | 12544 High Bluff Dr., Ste. 420 | San Diego | CA | 92130 | (858) 792-6085 | Dean Stalter |
| Berkshire Hathaway Homeservices Franciscan Properties | 677 Portola Dr. | San Francisco | CA | 94127 | (415) 664-9400 | Steve Spears |
| Berkshire Hathaway Homeservices California Realty | 1430 Taraval St. | San Francisco | CA | 94116 | (415) 566-9800 | Samuel D. Cadelinia |
| Berkshire Hathaway Homeservices Drysdale Properties | 3130 Crow Canyon Pl., Ste. 170 | San Ramon | CA | 94583 | (925) 244-1933 | Gretchen Pearson |
| Berkshire Hathaway Homeservices California Properties | 115 W. Sierra Madre Blvd | Sierra Madre | CA | 91024 | (626) 355-1600 | Reni Rose |
| Berkshire Hathaway Homeservices California Realty | 133 Old Wards Ferry Rd., Ste. E | Sonora | CA | 95370 | (209) 533-7888 | Steven Campbell, Sr. |
| Berkshire Hathaway Homeservices California Properties | 812 Fair Oaks Ave. | South Pasadena | CA | 91030 | (626) 441-3141 | Matthew Bryant |
| Berkshire Hathaway Homeservices Ranch and Coast Real Estate | 43386 Business Park Drive | Temecula | CA | 92590 | (951) 694-6767 | Destry Johnson |
| Berkshire Hathaway Homeservices California Realty | 2860 E. Thousand Oaks | Thousand Oaks | CA | 91362 | (805) 496-0555 | Robert Majorino |
| Berkshire Hathaway Homeservices California Properties | 23530 Hawthorne Bl., Ste. 100 | Torrance | CA | 90505 | (310) 373-0021 | Bruce Short |
| Berkshire Hathaway Homeservices California Properties | 28225 Newhall Ranch Road | Valencia | CA | 91355 | (661) 702-0188 | Michael Rescigno |



BHH Affiliates, Inc.
Franchisees as of 12/31/2016
 By State and City

| Franchisee Business Name | Franchisee Mailing Address | City | State | Zip | Phone Number | Primary Contact |
|---|---|------------------|-------|-------|----------------|--------------------|
| CALIFORNIA (continued) | | | | | | |
| Berkshire Hathaway Homeservices California Realty | 1770 W. Walnut Ave. | Visalia | CA | 93277 | (559) 732-2500 | Teymour Farhang |
| Berkshire Hathaway Homeservices Lake Almanor Real Estate | 289 Clifford Dr. N. | Westwood | CA | 96137 | (530) 259-5687 | Wendi Durkin |
| Berkshire Hathaway Homeservices Heritage, REALTORS | 855 Harter Pkwy. | Yuba City | CA | 95993 | (530) 671-6000 | Shiela Messick |
| COLORADO | | | | | | |
| Berkshire Hathaway Homeservices Rocky Mountain, REALTORS | 4710 Table Mesa Dr., Ste. A | Boulder | CO | 80305 | (303) 494-7700 | John McCoy |
| Berkshire Hathaway Homeservices Preferred Real Estate | 7505 Village Square Dr., Ste. 102 | Castle Pines | CO | 80108 | (303) 688-6644 | Don Bobeda |
| Berkshire Hathaway Homeservices Real Estate of the Rockies | 3478 W. 32nd Ave. | Denver | CO | 80211 | (303) 438-8080 | David Binkowski |
| Berkshire Hathaway Homeservices Elevated Living Real Estate | 29029 Upper Bear Creek Road, Suite 104 | Evergreen | CA | 80439 | (303) 670-3232 | Mark Footer |
| Berkshire Hathaway Homeservices Platinum Real Estate | 1528 Fortino Blvd., Ste. 130 | Pueblo | CO | 81008 | (719) 545-3700 | Kathy Pepper |
| Berkshire Hathaway Homeservices Aspen Snowmass Properties | 17 Kearns Road, PO Box 6699 | Snowmass Village | CO | 81615 | (970) 923-2111 | Michael Adams |
| Berkshire Hathaway Homeservices Colorado Properties | 511 Lionshead Mall | Vail | CO | 81657 | (970) 476-2482 | Michael Slevin |
| CONNECTICUT | | | | | | |
| Berkshire Hathaway Homeservices New England Properties | 860 N. Main St. Ext. | Wallingford | CT | 06492 | (860) 571-7000 | Candace Adams |
| Berkshire Hathaway HomeServices Westchester Properties | | | | | | |
| DELAWARE | | | | | | |
| Berkshire Hathaway Homeservices Gallo Realty | 16712 Kings Hwy. | Lewes | DE | 19958 | (302) 645-6661 | Elizabeth D. Gallo |
| FLORIDA | | | | | | |
| Berkshire Hathaway Homeservices Chaplin Williams Realty | 5472 1st Coast Hwy., Ste. 1 | Fernandina Beach | FL | 32034 | (904) 261-9311 | Hugh Williams |
| Berkshire Hathaway Homeservices Florida Realty | 1580 Sawgrass Corporate Pkwy., Ste. 400 | Fort Lauderdale | FL | 33323 | (954) 693-0100 | Rei Mesa |
| Berkshire Hathaway Homeservices Trend Realty | 4141 N.W. 37th Pl. | Gainesville | FL | 32606 | (352) 225-4700 | Thomas McIntosh |
| Berkshire Hathaway Homeservices Florida Network Realty | 4190 Belfort Rd., Ste. 475 | Jacksonville | FL | 32216 | (904) 296-6400 | Linda Sherrer |
| Berkshire Hathaway Homeservices Knight & Gardner Realty | 336 Duval St. | Key West | FL | 33040 | (305) 294-5155 | Claude Gardner Jr. |
| Berkshire Hathaway Homeservices Results Realty | 1012 West Emmett St., Ste. D | Kissimmee | FL | 34741 | (407) 514-2800 | Joseph Doherty |
| Berkshire Hathaway Homeservices Home Team Realty | 2161 E. Ft. King Street | Ocala | FL | 34471 | (352) 622-9700 | Bob Kennedy |
| Berkshire Hathaway Homeservices Fortune Group Properties | 101 Palm Harbor Parkway, Ste. 145 | Palm Coast | FL | 32137 | (386) 446-2900 | Victoria Mounteer |
| Berkshire Hathaway Homeservices Beach Properties of Florida | 2063 Highway 395 South | Santa Rosa Beach | FL | 32459 | (850) 534-3006 | Hunter Harman |
| Berkshire Hathaway Homeservices Hatton & Associates, REALTORS | 3801 S. Westshore Blvd. | Tampa | FL | 33611 | (813) 837-1551 | Bob Hatton |
| Berkshire Hathaway Homeservices The Property Place | 776 Country Club Dr. | Titusville | FL | 32780 | (321) 268-0868 | Michael Martucci |
| Berkshire Hathaway Homeservices Florida Properties Group | 7916 Evolutions Way, Ste. 210 | Trinity | FL | 34655 | (727) 847-6556 | Dewey Mitchell |
| GEORGIA | | | | | | |
| Berkshire Hathaway Homeservices Blanton Properties | 524 Hill St. | Athens | GA | 30606 | (706) 613-6040 | Brenda Blanton |
| Berkshire Hathaway Homeservices Georgia Properties | 863 Holcomb Bridge Rd. | Roswell | GA | 30076 | (770) 992-4100 | Dan Forsman |
| Berkshire Hathaway Homeservices Southeast Coastal Properties | 1 Diamond Cswy., Ste. 4 | Savannah | GA | 31406 | (912) 355-4171 | Robert E. Laramy |
| Berkshire Hathaway Homeservices Kennedy Realty | 1000 Bermuda Run Rd. | Statesboro | GA | 30458 | (912) 764-6249 | Everett Kennedy |
| Berkshire Hathaway Homeservices Beazley, REALTORS | 7009 Evans Town Center Blvd. | Evans | GA | 30809 | (706) 863-1775 | Barbara Sanders |
| HAWAII | | | | | | |
| Berkshire Hathaway Homeservices Hawaii Realty | 1132 Bishop Street, Suite 2450 | Honolulu | HI | 96813 | (808) 792-3910 | Tracy Bradley |
| Berkshire Hathaway Homeservices Maui Properties | 256 Papalaua St. | Lahaina | HI | 96761 | (808) 661-5200 | John Skenderian |
| IDAHO | | | | | | |
| Berkshire Hathaway Homeservices Idaho Realty | 219 N. 27th St. | Boise | ID | 83702 | (208) 344-0200 | Steve Jensen |
| Berkshire Hathaway Homeservices Idaho Homes & Properties | 1411 Falls Ave. E., P.O. Box 223 | Twin Falls | ID | 83301 | (208) 733-5336 | Mandi Riddle |



BHH Affiliates, Inc.
Franchisees as of 12/31/2016
 By State and City

| Franchisee Business Name | Franchisee Mailing Address | City | State | Zip | Phone Number | Primary Contact |
|---|------------------------------------|-------------------|-------|-------|----------------|-------------------|
| ILLINOIS | | | | | | |
| Berkshire Hathaway Homeservices Visions Realty | 303 Main Street, Ste. 101 | Barrington | IL | 60010 | (847) 505-0964 | Jen Ortman |
| Berkshire Hathaway Homeservices Snyder Real Estate | 1 Brickyard Dr. | Bloomington | IL | 61701 | (309) 664-1833 | Stephen Snyder |
| Berkshire Hathaway Homeservices Elite Properties | 1012 Plummer Dr., Ste. 301 | Edwardsville | IL | 62025 | (618) 655-4100 | Robert Plummer |
| Berkshire Hathaway Homeservices American Heritage Real Estate | 25 Turner Ave. | Elk Grove Village | IL | 60007 | (847) 364-6030 | Frank Ramljak |
| Berkshire Hathaway Homeservices Prairie Path, REALTORS | 500 Spring Rd. | Elmhurst | IL | 60126 | (630) 279-9500 | Mickey Muisenga |
| Berkshire Hathaway Homeservices Biros Real Estate | 3580 W. 95th St. | Evergreen Park | IL | 60805 | (708) 422-0011 | William Biros |
| Berkshire Hathaway Homeservices Elite, REALTORS | 1867 Bay Scott Cir., Ste. 108 | Naperville | IL | 60540 | (630) 388-2000 | Sue Vidmar |
| Berkshire Hathaway Homeservices Starck Real Estate | 835 Sterling Ave., Ste. 200 | Palatine | IL | 60067 | (847) 934-1153 | Andy Starck |
| Berkshire Hathaway Homeservices Blount, REALTORS | 8100 W. 119th St., Ste. 100 | Palos Park | IL | 60464 | (708) 448-6100 | Douglass Blount |
| Berkshire Hathaway Homeservices MAC Real Estate | 16106 S. Rt. 59 | Plainfield | IL | 60586 | (815) 436-5300 | Kurt McAdams |
| Berkshire Hathaway Homeservices American Homes | 824 Hillgrove | Western Springs | IL | 60558 | (708) 246-5500 | Bonnie Hampton |
| Berkshire Hathaway Homeservices KoenigRubloff Realty Group | 980 N. Michigan Ave. | Chicago | IL | 60611 | (312) 264-1255 | Nancy Nagy |
| INDIANA | | | | | | |
| Berkshire Hathaway Homeservices Indiana Realty | 3801 E. 82nd St | Indianapolis | IN | 46240 | (317) 595-2100 | Kevin Kirkpatrick |
| Berkshire Hathaway Homeservices Newlin-Miller, REALTORS | 601 Ohio St. | Terre Haute | IN | 47807 | (812) 234-3746 | John S. Newlin |
| Berkshire Hathaway Homeservices Executive Group Real Estate | 2612 N. Calumet Ave. | Valparaiso | IN | 46383 | (219) 464-8521 | Larry Hitz |
| IOWA | | | | | | |
| Berkshire Hathaway Homeservices One Realty Centre | 236 National Dr. | Waterloo | IA | 50701 | (319) 233-7000 | Jason Strelow |
| Berkshire Hathaway Homeservices First Realty | 3501 Westown Pkwy. | West Des Moines | IA | 50266 | (515) 453-7641 | Tresa Boal |
| KANSAS | | | | | | |
| Berkshire Hathaway Homeservices Kansas City Realty | 11601 Granada Lane | Leawood | KS | 66211 | (913) 491-1001 | Jerry Reece |
| Berkshire Hathaway Homeservices First, REALTORS | 2858 S.W. Villa West Dr., Ste. 200 | Topeka | KS | 66614 | (785) 271-2888 | Debbie Davis |
| Berkshire Hathaway Homeservices PenFed Realty | 12021 E. 13th St. N. | Wichita | KS | 67206 | (316) 636-2323 | William Kihle |
| KENTUCKY | | | | | | |
| Berkshire Hathaway Homeservices Partners Realty | 2424 Airway Ct., Ste. A | Bowling Green | KY | 42103 | (270) 843-0862 | James Cook |
| Berkshire Hathaway Homeservices de Movellan Properties | 171 Prosperous Pl. | Lexington | KY | 40509 | (859) 266-0451 | Tony de Movellan |
| Berkshire Hathaway Homeservices Parks & Weisberg, Realtors | 295 N. Hubbards Ln., Ste. 102 | Louisville | KY | 40207 | (502) 458-1988 | Judie Parks |
| Berkshire Hathaway Homeservices Foster, REALTORS | 920 Barnes Mill Rd., Ste. A | Richmond | KY | 40475 | (859) 623-9427 | Don Foster |
| LOUISIANA | | | | | | |
| Berkshire Hathaway Homeservices United Properties | 8440 Jefferson Hwy, Suite 100 | Baton Rouge | LA | 70809 | (225) 324-8120 | Johnathan Starns |
| Berkshire Hathaway Homeservices Bobby Tallo Realty | 1215 W. Morris Ave., Ste. 2 | Hammond | LA | 70401 | (985) 345-6802 | Kyle Tallo |
| Berkshire Hathaway Homeservices Sarver Realty | 4865 Ihles Rd. | Lake Charles | LA | 70605 | (337) 478-4111 | Daren Sarver |
| MAINE | | | | | | |
| Berkshire Hathaway Homeservices Northeast Real Estate | 160 Broadway | Bangor | ME | 04401 | (207) 942-8261 | Robert Norris |



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 By State and City

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|---|--------------------------------|-----------------|-------|-------|----------------|----------------------|
| MARYLAND | | | | | | |
| Berkshire Hathaway Homeservices Bowen Realty | 11949 Robinwood Dr., Suite 100 | Hagerstown | MD | 21742 | (301) 745-1620 | Taylor Bowen |
| Berkshire Hathaway Homeservices McNelis Group Properties | 14488 Solomons Island Road So. | Solomons | MD | 20688 | (410) 394-0990 | Christine McNelis |
| MASSACHUSETTS | | | | | | |
| Berkshire Hathaway Homeservices Warren Residential | 535 Boylston St. | Boston | MA | 02116 | (617) 848-9616 | Nick Warren |
| Berkshire Hathaway Homeservices Ben Consoli Real Estate | 297 S. Main St. | Haverhill | MA | 01835 | (978) 372-9171 | Paul Consoli |
| Berkshire Hathaway Homeservices Page Realty | 489 Main St. | Medfield | MA | 02052 | (508) 359-2331 | Al Rao |
| Berkshire Hathaway Homeservices Mel Antonio Real Estate | 1160 Rockdale Avenue | New Bedford | MA | 02740 | (508) 991-6661 | Manuel Antonio |
| Berkshire Hathaway Homeservices Stephan Real Estate | 400 Boston Post Rd. | Sudbury | MA | 01776 | (978) 443-7300 | Louis Stephan |
| Berkshire Hathaway Homeservices Town and Country Real Estate | 239 Washington St. | Wellesley Hills | MA | 02481 | (781) 237-8787 | Gail Lockberg |
| Berkshire Hathaway Homeservices Cape Shores Real Estate | 282 Main St., P.O. Box 2141 | Wellfleet | MA | 02667 | (508) 349-1000 | Amanda Robinson |
| Berkshire Hathaway Homeservices N.E. Prime Properties | 58 Main St. | Maynard | MA | 01754 | (978) 461-3900 | Nancy Quinn |
| MICHIGAN | | | | | | |
| Berkshire Hathaway Homeservices Snyder & Company, Realtors® | 2655 Plymouth Rd. | Ann Arbor | MI | 48105 | (734) 747-7500 | Sharon Snyder |
| Berkshire Hathaway Homeservices HWWB, REALTORS | 880 S. Old Woodward Ave. | Birmingham | MI | 48009 | (248) 646-6200 | Gerry Burke |
| Berkshire Hathaway Homeservices Select Real Estate | 22320 Garrison | Dearborn | MI | 48124 | (313) 278-8000 | Carrie Gandolfo |
| Berkshire Hathaway Homeservices Clyde Hendrick, REALTORS | 415 S. Beacon Blvd. | Grand Haven | MI | 49417 | (616) 842-5970 | Robert Hendrick |
| Berkshire Hathaway Homeservices Michigan Real Estate Berkshire Hathaway HomeServices Northern Indiana Real Estate | 3000 E. Beltline N.E. | Grand Rapids | MI | 49525 | (616) 364-9551 | Steven Fase |
| Berkshire Hathaway Homeservices Heritage Real Estate | 502 E. Grand River | Howell | MI | 48843 | (517) 546-6440 | Sally Witt |
| Berkshire Hathaway Homeservices Hudkins, REALTORS | 1255 S. Telegraph Rd. | Monroe | MI | 48161 | (734) 242-4700 | Steve Hudkins |
| MINNESOTA | | | | | | |
| Berkshire Hathaway Homeservices Sundial Realty | 961 Hillwind Rd. | Minneapolis | MN | 55432 | (763) 571-9200 | Thomas Blomberg |
| Berkshire Hathaway Homeservices Advantage Real Estate | 1880 Austin Rd., Ste. 1 | Owatonna | MN | 55060 | (507) 451-7355 | Darcy Ihrke |
| MISSISSIPPI | | | | | | |
| Berkshire Hathaway Homeservices Gateway Real Estate | 105 Reunion Blvd. | Madison | MS | 39110 | (601) 853-0414 | Rosemary Stovall |
| Berkshire Hathaway Homeservices Ann Prewitt Realty | 735 Avignon Park | Ridgeland | MS | 39157 | (601) 898-0663 | Ann Prewitt |
| MISSOURI | | | | | | |
| Berkshire Hathaway Homeservices Hahn, REALTORS | 811 S. Walnut, P.O. Box 92 | Cameron | MO | 64429 | (816) 632-2459 | Debbie Hahn |
| Berkshire Hathaway Homeservices Bridgeport REALTORS | 109 S. Broadview | Cape Girardeau | MO | 63703 | (573) 335-0121 | Roger Skinner |
| Berkshire Hathaway Homeservices Alliance Real Estate | 17050 Baxter Rd., Ste. 200 | Chesterfield | MO | 63005 | (636) 537-2361 | Andrea Lawrence |
| Berkshire Hathaway Homeservices Vision Real Estate | 22 N. 8th St. | Columbia | MO | 65201 | (573) 449-6200 | Jody Calvin |
| Berkshire Hathaway Homeservices Lake Ozark Realty | 101 Crossings W., Ste. 202 | Lake Ozark | MO | 65049 | (573) 365-6868 | Marty Gum |
| Berkshire Hathaway Homeservices Stein & Summers Real Estate | 1007 E. St. Maartens Dr. | Saint Joseph | MO | 64506 | (816) 232-2000 | Adam Stein |
| Berkshire Hathaway Homeservices Select Properties | 1650 Des Peres Rd., Ste. 205 | Saint Louis | MO | 63131 | (314) 835-6000 | Maryann Vitale Alles |
| Berkshire Hathaway Homeservices Advantage, REALTORS | 9147 Watson Rd. | Saint Louis | MO | 63126 | (314) 843-6500 | Philip Hunt |
| MONTANA | | | | | | |
| Berkshire Hathaway Homeservices Floberg Real Estate | 1550 Poly Dr. | Billings | MT | 59102 | (406) 254-1550 | Marilyn Floberg |
| Berkshire Hathaway Homeservices Montana Properties | 1925 N. 22nd Ave. | Bozeman | MT | 59718 | (406) 587-9566 | Michael Basile |



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|--|--------------------------------|-------------------|-------|-------|----------------|-----------------------|
| NEBRASKA | | | | | | |
| Berkshire Hathaway Homeservices Ambassador Real Estate | 13340 California St., Ste. 101 | Omaha | NE | 68154 | (402) 493-4663 | Vince Leisey |
| NEVADA | | | | | | |
| Berkshire Hathaway HomeServices Arizona Properties | | | | | | |
| Berkshire Hathaway HomeServices Nevada Properties | 2140 E. Pebble Rd., Ste 160 | Las Vegas | NV | 89123 | (702) 796-7777 | Mark Stark |
| Berkshire Hathaway HomeServices California Properties | | | | | | |
| NEW HAMPSHIRE | | | | | | |
| Berkshire Hathaway Homeservices Verani Realty | 1 Verani Wy. | Londonderry | NH | 03053 | (603) 845-2116 | Margherita Verani |
| Berkshire Hathaway Homeservices Spencer-Hughes Real Estate | 22 S. Main St., P.O. Box 510 | Wolfeboro | NH | 03894 | (603) 569-6060 | Bob Hughes |
| NEW JERSEY | | | | | | |
| Berkshire Hathaway Homeservices Vail Coastal Properties | 701 Mattison Avenue | Asbury Park | NJ | 07712 | (732) 776-8245 | Paul Vail |
| Berkshire Hathaway Homeservices McGeehan & Pineiro Realty | 888 Broadway | Bayonne | NJ | 07002 | (201) 858-3000 | John Pineiro |
| Berkshire Hathaway Homeservices Diversified Realty | 28 S. New York Rd., Ste. B-4 | Galloway | NJ | 08205 | (609) 652-6690 | James Cox |
| Berkshire Hathaway Homeservices Merendino Realty | 236 Boulevard | Hasbrouck Heights | NJ | 07604 | (201) 288-4222 | Aldo Merendino |
| Berkshire Hathaway Homeservices Hudson River Properties | 626 Washington St. | Hoboken | NJ | 07030 | (201) 216-0909 | Rehanna Gallagher |
| Berkshire Hathaway Homeservices Zack Shore, REALTORS | 675 Rt. 72 E. | Manahawkin | NJ | 08050 | (609) 597-5800 | Aileen Kidd |
| Berkshire Hathaway Homeservices Horizon Realty | 355 Rt. 46 W. | Mountain Lakes | NJ | 07046 | (973) 627-2270 | Roberta Butera-Cooper |
| Berkshire Hathaway Homeservices Signature Properties | 600 Washington Blvd. | Sea Girt | NJ | 08750 | (732) 449-6200 | Brett A. Violette |
| Berkshire Hathaway Homeservices New Jersey Properties | 220 Davidson Ave., 4th Fl. | Somerset | NJ | 08873 | (732) 627-8400 | William Keleher, Jr. |
| Berkshire Hathaway Homeservices Gross & Jansen, REALTORS | 327 Rt. 94 | Vernon | NJ | 07462 | (973) 764-5555 | Hans Gross |
| Berkshire Hathaway Homeservices Abbott Realtors | 235 Everett Ave. | Wyckoff | NJ | 07481 | (201) 891-2223 | Robert Abbott |
| NEW MEXICO | | | | | | |
| Berkshire Hathaway Homeservices New Mexico Properties | 6711 Academy Rd. NE, Ste. B | Albuquerque | NM | 87109 | (505) 798-6300 | Jim Pitts |
| Berkshire Hathaway Homeservices Enchanted Lands, REALTORS | 501 N. Main St. | Roswell | NM | 88201 | (575) 622-0875 | Bill Davis |
| Berkshire Hathaway Homeservices Lynch Realty | 616 Mechem Dr. | Ruidoso | NM | 88345 | (575) 257-4011 | Gary Lynch |
| Berkshire Hathaway Homeservices Taos Real Estate | 314A Paseo del Pueblo Norte | Taos | NM | 87571 | (575) 758-1924 | Joel Schantz |
| NEW YORK | | | | | | |
| Berkshire Hathaway Homeservices Blake, REALTORS | 8 Airline Dr., Ste. 104 | Albany | NY | 12205 | (518) 452-4298 | Jay Christiana |
| Berkshire Hathaway Homeservices River Towns Real Estate | 133 Grand St. | Croton On Hudson | NY | 10520 | (914) 271-3300 | Cynthia Lippolis |
| Berkshire Hathaway Homeservices Nutshell Realty | 1209 State Route 213 | High Falls | NY | 12440 | (845) 687-2200 | Timothy Sweeney |
| Berkshire Hathaway Homeservices Hudson Valley Properties | 1131 Rt. 55, P.O. Box 37 | Lagrangeville | NY | 12540 | (845) 227-8510 | Steven Domber |
| Berkshire Hathaway Homeservices Peters Realty | 15 Sullivan Ave., Unit 1-1 | Liberty | NY | 12754 | (845) 292-6333 | Bonnie Gipson |
| Berkshire Hathaway Homeservices Discover Real Estate | 162 S. Union St. | Spencerport | NY | 14559 | (585) 352-4896 | Dennis Levandowski |
| Berkshire Hathaway Homeservices CNY Realty | 7575 Buckley Rd. | Syracuse | NY | 13212 | (315) 218-1480 | Daniel Hartnett |
| NORTH CAROLINA | | | | | | |
| Berkshire Hathaway Homeservices Lifestyle Properties | 2 Walden Ridge Dr., Ste. 90 | Asheville | NC | 28803 | (828) 274-1004 | Bruce Alexander |
| Berkshire Hathaway Homeservices Great Smokys Realty | 184 Everett St., P.O. Box 1819 | Bryson City | NC | 28713 | (828) 488-2200 | Eugene Strickland |
| Berkshire Hathaway Homeservices All American Homes | 6920 Cliffdale Dr. | Fayetteville | NC | 28314 | (910) 868-1976 | Tonya Smith |
| Berkshire Hathaway Homeservices McMillen and Associates Realty | 1004 N. Berkeley Blvd. | Goldsboro | NC | 27534 | (919) 778-9500 | Judith McMillen |
| Berkshire Hathaway Homeservices Prime Properties | 2625 Charles Blvd. | Greenville | NC | 27858 | (252) 321-1990 | Richard Lane |



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|---|---------------------------------|----------------|-------|-------|----------------|--------------------|
| NORTH CAROLINA (continued) | | | | | | |
| Berkshire Hathaway Homeservices Hickory Metro Real Estate | 110 N. Center St. | Hickory | NC | 28601 | (828) 324-5555 | Bonnie Mitchell |
| Berkshire Hathaway Homeservices Meadows Mountain Realty | 41 Church Street | Highlands | NC | 28741 | (828) 526-1717 | Judy Michaud |
| Berkshire Hathaway Homeservices Hometown, REALTORS | 3466 Henderson Dr. | Jacksonville | NC | 28546 | (910) 938-1976 | Christina Wright |
| Berkshire Hathaway Homeservices Pinehurst Realty Group | 105 W. Illinois Ave. | Southern Pines | NC | 28387 | (910) 692-2635 | Kay Beran |
| Berkshire Hathaway Homeservices Carolinas Realty | | | | | | |
| Berkshire Hathaway HomeServices Yost & Little Realty | 110 Oakwood Dr., Ste. 110 | Winston Salem | NC | 27103 | (336) 721-4700 | Tommy Camp |
| Berkshire Hathaway HomeServices York Simpson Underwood Realty | | | | | | |
| NORTH DAKOTA | | | | | | |
| Berkshire Hathaway HomeServices Premier Properties | 1815 38th St. S. | Fargo | ND | 58103 | (701) 356-3600 | Tyrone Leslie |
| OHIO | | | | | | |
| Berkshire Hathaway Homeservices Simon & Salhany Realty | 205 W. Portage Trail Ext | Cuyahoga Falls | OH | 44223 | (330) 929-0707 | Leslie Salhany |
| Berkshire Hathaway Homeservices Integrity One, REALTORS | 120 1/2 E. Broadway | Granville | OH | 43023 | (740) 587-7042 | Patti Urbatis |
| Berkshire Hathaway Homeservices Calhoon Company, REALTORS | 3535 Fishingier Blvd., Ste. 100 | Hilliard | OH | 43026 | (614) 777-1000 | Sam Calhoon |
| Berkshire Hathaway Homeservices Kathy Reid Realty | 205 N. Main St. | Hudson | OH | 44236 | (330) 650-2600 | Kathy Reid |
| Berkshire Hathaway Homeservices Lucien Realty | 18630 Detroit Ave. | Lakewood | OH | 44107 | (440) 331-8500 | Ron Lucien |
| Berkshire Hathaway Homeservices Professional Realty | 7395 Center St. | Mentor | OH | 44060 | (937) 426-7070 | Kimberley Luckow |
| Berkshire Hathaway Homeservices American Realty Center | 521 Hill Rd. N. | Pickerington | OH | 43147 | (614) 548-0555 | Dan Gregor |
| Berkshire Hathaway Homeservices Plus Realty | 285 S. Liberty St. | Powell | OH | 43065 | (614) 880-2800 | Dennis Levandowski |
| Berkshire Hathaway Homeservices Stadtmiller Realty | 1212 Hull Rd. | Sandusky | OH | 44870 | (419) 625-7888 | Jeffrey Berquist |
| Berkshire Hathaway Homeservices Kovack, REALTORS | 1392 High St., Ste. 105 | Wadsworth | OH | 44281 | (330) 336-8883 | Michele Boyd |
| Berkshire Hathaway Homeservices Platinum Realty Group | 121 Commerce Park Dr. | Westerville | OH | 43082 | (614) 794-1000 | Roberta Melvin |
| OKLAHOMA | | | | | | |
| Berkshire Hathaway Homeservices Benchmark Realty | 632 N. Broadway | Shawnee | OK | 74801 | (405) 275-8182 | Pamela O'Rorke |
| Berkshire Hathaway Homeservices Anderson Properties | 8277 S. Harvard Ave. | Tulsa | OK | 74137 | (918) 746-6000 | Michael Huff |
| OREGON | | | | | | |
| Berkshire Hathaway Homeservices Northwest Real Estate | 9600 S.W. Barnes Rd., Ste. 100 | Portland | OR | 97225 | (503) 350-7248 | Bert Waugh Jr. |
| Berkshire Hathaway Homeservices Real Estate Professionals | 1220 20th St. | Salem | OR | 97302 | (503) 371-3013 | Byron Hendricks |
| PENNSYLVANIA | | | | | | |
| Berkshire Hathaway Homeservices Fox & Roach, REALTORS and Berks | 431 W. Lancaster Ave. | Devon | PA | 19333 | (610) 889-7774 | Larry Flick |
| Berkshire Hathaway Homeservices Regency Real Estate | 811 N. 19th St. | Allentown | PA | 18104 | (610) 432-5252 | Larry Ginsburg |
| Berkshire Hathaway Homeservices Preferred Properties | 721 South State Street | Clarks Summit | PA | 18411 | (570) 585-1500 | Robert Vanston |
| Berkshire Hathaway Homeservices Paul Ford, REALTORS | 126 Bushkill St. | Easton | PA | 18042 | (610) 253-6123 | Clay Mitman |
| Berkshire Hathaway Homeservices Poggi, REALTORS | 1149 Wyoming Ave. | Forty Fort | PA | 18704 | (570) 283-9100 | Edmund Poggi |
| Berkshire Hathaway Homeservices Homesale Realty | 215 S. Centerville Rd., Ste. B | Lancaster | PA | 17603 | (717) 393-0783 | Scott Lederer |
| Berkshire Hathaway Homeservices Keystone Properties | 2131 N. Broad St., Ste. 200 | Lansdale | PA | 19446 | (215) 855-1165 | Gary Cassel |
| Berkshire Hathaway Homeservices Prime Real Estate | 7341 Frankford Ave. | Philadelphia | PA | 19136 | (215) 338-3200 | David Leipert |
| Berkshire Hathaway Homeservices The Preferred Realty | 9401 McKnight Rd. | Pittsburgh | PA | 15237 | (412) 367-8028 | Ronald Croushore |
| Berkshire Hathaway Homeservices Benjamin Real Estate | 4327 Rt. 309 | Schnecksville | PA | 18078 | (610) 799-9100 | Charles Breidinger |
| Berkshire Hathaway Homeservices Hodrick Realty | 448 River Ave. | Williamsport | PA | 17701 | (570) 321-7000 | William Hodrick |



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| RHODE ISLAND | | | | | | |
| Berkshire Hathaway Homeservices Gammons Realty | 461 Main St. | East Greenwich | RI | 02818 | (401) 886-6100 | Allen Gammons |
| SOUTH CAROLINA | | | | | | |
| Berkshire Hathaway Homeservices Midlands Real Estate | 3200 Devine Street, Suite 100 | Columbia | SC | 29205 | (803) 409-0830 | Brenda Hanna |
| Berkshire Hathaway Homeservices Burt Jordan Realtors | 3037 W. Palmetto St. | Florence | SC | 29501 | (843) 393-4010 | Burt Jordan |
| Berkshire Hathaway Homeservices C. Dan Joyner, REALTORS | 745 N. Pleasantburg Dr. | Greenville | SC | 29607 | (864) 242-6650 | Danny Joyner |
| Berkshire Hathaway Homeservices Cambridge Realty | 1717 By Pass 72 NE | Greenwood | SC | 29649 | (864) 227-2577 | William Baer |
| Berkshire Hathaway Homeservices Carolina Sun Real Estate | 1440 Ben Sawyer Blvd., Ste. 1503 | Mount Pleasant | SC | 29464 | (843) 388-8118 | Sean Leighton |
| Berkshire Hathaway Homeservices Myrtle Beach Real Estate | 7421 N. Kings Hwy. | Myrtle Beach | SC | 29572 | (843) 449-9444 | Marvin Heyd |
| Berkshire Hathaway Homeservices Southern Coast Real Estate | 112 W. Doty St. Ste. C | Summerville | SC | 29483 | (843) 871-5091 | Linda Collins |
| Berkshire Hathaway Homeservices John M. Brabham Real Estate | 1081 Alice Dr. | Sumter | SC | 29150 | (803) 775-1201 | John M. Brabham, Jr. |
| TENNESSEE | | | | | | |
| Berkshire Hathaway Homeservices Woodmont Realty | 5107 Maryland Wy. | Brentwood | TN | 37027 | (615) 661-7800 | James Owens |
| Berkshire Hathaway Homeservices Realty Center | 505 Riverfront Pkwy. | Chattanooga | TN | 37402 | (423) 756-9999 | Ben Kelly |
| Berkshire Hathaway Homeservices Taliesyn Realty | 7990 Trinity Road, Suite 202 | Cordova | TN | 38018 | (901) 466-4000 | Edwin Scruggs |
| Berkshire Hathaway Homeservices Southern Realty | 820 N. Main St. | Crossville | TN | 38555 | (931) 707-7800 | Johnny Reeves |
| Berkshire Hathaway Homeservices Greg Cox Real Estate | 3121 Bristol Hwy. | Johnson City | TN | 37601 | (423) 282-2411 | Gregory Cox |
| TEXAS | | | | | | |
| Berkshire Hathaway Homeservices Texas Realty | 3303 Northland Dr., Ste. 100 | Austin | TX | 78731 | (512) 483-6000 | Rick Jenkins |
| Berkshire Hathaway Homeservices Real Estate Center | 14200 S. Padre Island Dr. | Corpus Christi | TX | 78418 | (361) 949-7033 | Jacqueline Svoboda |
| Berkshire Hathaway Homeservices Moseley Real Estate | 1001 Early Blvd. | Early | TX | 76802 | (325) 646-4186 | Brent Moseley |
| Berkshire Hathaway Homeservices Lou Hillman, REALTORS | 203 E. Northwest Hwy. | Grapevine | TX | 76051 | (817) 481-2573 | Lou Hillman |
| Berkshire Hathaway Homeservices Anderson Properties | 741 E. 11th St. | Houston | TX | 77008 | (713) 862-0000 | Mike Huff |
| Berkshire Hathaway Homeservices Premier Properties | 1803 W. 43rd St. | Houston | TX | 77018 | (713) 686-5454 | Stacy Mathews |
| Berkshire Hathaway Homeservices Worldwide, REALTORS | 1727 Keller Pkwy. | Keller | TX | 76248 | (817) 379-3111 | Ellen Johnston |
| Berkshire Hathaway Homeservices RGV Realty | 208 Nolana Ave. | Mc Allen | TX | 78504 | (956) 682-4701 | Tom Shepherd |
| Berkshire Hathaway Homeservices A Action, REALTORS | 3220 Gus Thomasson, Ste. 111 | Mesquite | TX | 75150 | (972) 698-9700 | Kalani Hooker |
| Berkshire Hathaway Homeservices Cooper Realty | 3415 W. Illinois | Midland | TX | 79703 | (432) 689-7700 | Brian Cooper |
| Berkshire Hathaway Homeservices PenFed Realty Texas | 1941 Preston Rd., Ste. 1008 | Plano | TX | 75093 | (972) 996-7496 | Rick Wylie |
| Berkshire Hathaway Homeservices Don Johnson, REALTORS | 16845 Blanco Rd., Ste. 101 | San Antonio | TX | 78232 | (210) 493-1766 | Brian Johnson |
| Berkshire Hathaway Homeservices Miles Realty | 1800 Shiloh Rd., Ste. 101 | Tyler | TX | 75703 | (903) 565-0400 | Dottie Miles |
| UTAH | | | | | | |
| Berkshire Hathaway HomeServices Elite Real Estate | 574 S. State St. | Orem | UT | 84058 | (801) 224-9011 | Bruce Tucker |
| Berkshire Hathaway HomeServices Utah Properties | 890 Main St., Ste 5101 | Park City | UT | 84060 | (435) 649-7171 | Stephen Roney |
| VIRGINIA | | | | | | |
| Berkshire Hathaway Homeservices Simpson, Realtors | 77 Cambridge St. | Fredericksburg | VA | 22405 | (540) 371-1616 | Harrison Simpson |
| Berkshire Hathaway Homeservices Select Realty | 1171 Central Park Blvd., Ste. 200 | Fredericksburg | VA | 22401 | (540) 371-7653 | Dan Leshner |
| Berkshire Hathaway Homeservices Smith Mountain Lake Real Estate | 13247 Booker T. Washington Hwy. | Hardy | VA | 24101 | (540) 721-8659 | Catherine Daniel |
| Berkshire Hathaway Homeservices PenFed Realty | 1886 Metro Center Dr., Ste. 200 | Reston | VA | 20190 | (703) 716-2900 | Kevin Wiles |
| Berkshire Hathaway Homeservices Premier, REALTORS | 2772 Electric Rd., Ste. 1 | Roanoke | VA | 24018 | (540) 343-5000 | Tom Wilson |
| Berkshire Hathaway Homeservices Towne Realty | 984 First Colonial Road, Ste. 204 | Virginia Beach | VA | 23454 | (757) 481-8448 | Barbara Wolcott |



BHH Affiliates, Inc.
Franchisees as of 12/31/2016
 By State and City

| Franchisee Business Name | Franchisee Mailing Address | City | State | Zip | Phone Number | Primary Contact |
|---|---|-------------|-------|-------|----------------|---------------------|
| WASHINGTON | | | | | | |
| Berkshire Hathaway Homeservices Northwest Real Estate | 4700 42nd Ave. S.W., Ste. 620 | Seattle | WA | 98116 | (206) 932-8100 | Jason Waugh |
| Berkshire Hathaway Homeservices Tri Cities Real Estate | 8500 Gage Blvd., Ste. B | Kennewick | WA | 99336 | (509) 783-2112 | Jeff Presby |
| Berkshire Hathaway Homeservices Sound REALTORS | 2630 Martin Wy. | Olympia | WA | 98506 | (360) 456-4486 | Terry Meyer |
| Berkshire Hathaway Homeservices Signature Properties | 13301 Lake City Way N.E. | Seattle | WA | 98125 | (206) 362-4600 | Gary O'Leyar |
| WASHINGTON | | | | | | |
| Berkshire Hathaway Homeservices Northwest Real Estate Shelton | 1781 W. Shelton Matlock Rd., P.O. Box 6 | Shelton | WA | 98584 | (360) 426-9748 | Kevin Cronquist |
| Berkshire Hathaway Homeservices First Look Real Estate | 421 N. Mullan | Spokane | WA | 99206 | (509) 928-3413 | Ken Lewis |
| Berkshire Hathaway Homeservices Central Washington Real Estate | 4112 Summitview Ave. | Yakima | WA | 98908 | (509) 966-3030 | Chris Pauling |
| WEST VIRGINIA | | | | | | |
| Berkshire Hathaway Homeservices Great Expecations Realty | 1337 Virginia Street East | Charleston | WV | 25301 | (304) 346-0300 | Michael O'Callaghan |
| Berkshire Hathaway Homeservices Real Estate Center | 3700 Poplar St., Ste. 100 | Parkersburg | WV | 26101 | (304) 428-7653 | Ted Gaston |
| WISCONSIN | | | | | | |
| Berkshire Hathaway Homeservices Epic Real Estate | 6040 39th Ave., Ste. 4 | Kenosha | WI | 53142 | (262) 605-1500 | Mark Bourque |
| Berkshire Hathaway Homeservices Lovejoy Realty | 9542 E. 16 Frontage Rd. | Onalaska | WI | 54650 | (608) 781-1100 | Peggy Lovejoy |
| Berkshire Hathaway Homeservices Metro Realty | 11225 W. Bluemound Rd. | Wauwatosa | WI | 53226 | (262) 439-8897 | Chris Slinker |
| WYOMING | | | | | | |
| Berkshire Hathaway Homeservices Brokerage West, Inc. Real Estate | 1432 Sheridan Ave. | Cody | WY | 82414 | (307) 587-6234 | Karl Butler |
| Berkshire Hathaway Homeservices Preferred Real Estate Group | 819 Country Club Rd. | Gillette | WY | 82718 | (307) 686-6360 | Pat Green |
| Berkshire Hathaway Homeservices Brokers of Jackson Hole Real Estate | 140 North Cache St. | Jackson | WY | 83001 | (307) 733-4339 | Kurt Harland |



BHH Affiliates, Inc.
***Former Franchisees as of 12/31/2016**
By State and Business Name

| Franchisee Business Name | Primary Contact | Last Known Address | Affiliate City/Province/Zip | Affiliate Phone Number | Reason for Termination |
|--------------------------|-----------------|--------------------|-----------------------------|------------------------|------------------------|
| [Redacted] | | | | | |

No Franchisees left the System in 2016

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



BHH Affiliates, Inc.

Franchisees who signed Franchise Agreements but are not yet active as of 12/31/2016

By State and City

| Legal Entity Name | Address | City | State | Zipcode | Main Phone |
|------------------------------|--------------------------------|------------|-------|---------|----------------|
| Rise Real Estate | 3603 South Memorial Parkway | Huntsville | AL | 35801 | (256) 882-0804 |
| Real Time Realty | 1459 N. Davis Road | Salinas | CA | 93907 | (831) 444-8600 |
| Jason A. Lain, Inc. | 600 W. Tomichi | Gunnison | CO | 81230 | (970)641-0079 |
| Innovative Real Estate Group | 2460 W. 26th Avenue #120C | Denver | CO | 80211 | (303)289-7009 |
| Island Properties, Inc. | 35A Old South Road | Nantucket | MA | 02554 | (508) 228-8748 |
| The Loft Warehouse, Inc. | 3434 Russell Street Suite #101 | Detroit | MI | 48207 | (313) 658-6400 |
| Dean-Smith, Inc. | 412 S. Northshore Drive | Knoxville | TN | 37919 | (865) 588-5000 |
| Pondera Partners, LLC | 1406 Park Road 36 | Graford | TX | 76449 | (940) 779-2600 |

EXHIBIT C
FINANCIAL STATEMENTS

HSF Affiliates LLC
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | March 31, 2017 |
|--|-------------------------------|
| Assets | |
| Cash | \$ 7,191 |
| Accounts receivable, net of allowances of \$459 | 5,626 |
| Accounts and notes receivable - related party | 894 |
| Notes receivable - current, net of allowances of \$128 | 4,203 |
| Other current assets | 1,168 |
| Income taxes receivable | 193 |
| Total current assets | 19,275 |
| Notes receivable, net of allowances of \$409 | 33,432 |
| Notes receivable - related party | 885 |
| Property and equipment, net of accumulated depreciation of \$3,564 | 3,515 |
| Other noncurrent assets | 526 |
| Total noncurrent assets | 38,358 |
| Total assets | \$ 57,633 |
| Liabilities and Members' Capital | |
| Accrued expenses and accounts payable | \$ 9,837 |
| Due to related parties, net | 817 |
| Unexpended marketing | 2,994 |
| Other current liabilities | 887 |
| Total current liabilities | 14,535 |
| Other long-term liabilities | 127 |
| Total long-term liabilities | 127 |
| Total liabilities | 14,662 |
| Commitments and contingencies | - |
| Members' capital | 42,971 |
| Total liabilities and members' capital | \$ 57,633 |

HSF Affiliates LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

| | March 31, 2017 |
|--|-------------------------------|
| Revenues | |
| Royalty fees, net | \$ 11,475 |
| Revenue from related party | 4,408 |
| Other revenue, net | 3,448 |
| Total revenues | <u>19,331</u> |
| Selling, general and administrative expenses | <u>13,606</u> |
| Operating income | 5,725 |
| Interest income | 764 |
| Income from operations before income tax expense | <u>6,489</u> |
| Income tax expense | <u>2</u> |
| Net income | <u><u>\$ 6,487</u></u> |

HSF Affiliates LLC
STATEMENTS OF MEMBERS' CAPITAL
(in thousands)

| | Members' Capital | Accumulated Earnings/(Deficit) | Total Members' (Deficit)/Capital |
|------------------------------|---------------------|-----------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Balance at December 31, 2016 | \$ 34,696 | \$ 8,025 | \$ 42,721 |
| Net Income | | 6,487 | 6,487 |
| Distributions | | (6,237) | (6,237) |
| Balance at March 31, 2017 | <u>\$ 34,696</u> | <u>\$ 8,275</u> | <u>\$ 42,971</u> |

HSF Affiliates LLC

Consolidated Financial Statements
as of December 31, 2016 and 2015
and for the Years Ended
December 31, 2016, 2015 and 2014
and Independent Auditors' Report

HSF AFFILIATES LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
HSF Affiliates LLC:

We have audited the accompanying consolidated financial statements of HSF Affiliates LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in members' capital, and cash flows for each of the three years ended December 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HSF Affiliates LLC and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 7, 2017

HSF AFFILIATES LLC

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2016 AND 2015 (In thousands)

| | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 9,908 | \$ 11,931 |
| Accounts receivable — net of allowances of \$503 and \$549, respectively | 3,104 | 3,541 |
| Accounts and notes receivable — related parties | 593 | 567 |
| Notes receivable — current — net of allowances of \$166 and \$734, respectively | 4,228 | 4,020 |
| Other current assets | 2,245 | 1,742 |
| Income taxes receivable | 111 | 76 |
| Total current assets | <u>20,189</u> | <u>21,877</u> |
| Noncurrent assets: | | |
| Notes receivable — net of allowances of \$410 and \$699, respectively | 32,275 | 32,467 |
| Notes receivable — related party | 945 | - |
| Property and equipment — net (Note 4) | 3,166 | 2,136 |
| Other noncurrent assets | 536 | 475 |
| Total noncurrent assets | <u>36,922</u> | <u>35,078</u> |
| Total assets | <u>\$ 57,111</u> | <u>\$ 56,955</u> |
| LIABILITIES AND MEMBERS' CAPITAL | | |
| Current liabilities: | | |
| Accrued expenses and accounts payable | \$ 9,385 | \$ 8,797 |
| Unexpended marketing fees (Note 5) | 3,333 | 4,129 |
| Due to related parties — net (Note 6) | 822 | 780 |
| Other current liabilities | 717 | 822 |
| Total current liabilities | <u>14,257</u> | <u>14,528</u> |
| Long-term liabilities: | | |
| Other long-term liabilities | 133 | 150 |
| Total liabilities | <u>14,390</u> | <u>14,678</u> |
| Commitments and contingencies (Note 7) | | |
| Members' capital | <u>42,721</u> | <u>42,277</u> |
| Total liabilities and members' capital | <u>\$ 57,111</u> | <u>\$ 56,955</u> |

See notes to consolidated financial statements.

HSF AFFILIATES LLC

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014 (In thousands)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|
| Revenues: | | | |
| Royalty fees — net | \$ 54,206 | \$ 53,024 | \$ 52,278 |
| Revenue from related parties | 18,511 | 16,961 | 14,108 |
| Other revenue — net | <u>8,362</u> | <u>7,728</u> | <u>8,392</u> |
| Total revenues | 81,079 | 77,713 | 74,778 |
| Selling, general, and administrative expenses | <u>44,054</u> | <u>43,998</u> | <u>47,438</u> |
| Operating income | 37,025 | 33,715 | 27,340 |
| Interest income | 2,980 | 2,991 | 1,938 |
| Income tax expense | <u>80</u> | <u>111</u> | <u>135</u> |
| Net income | <u>\$ 39,925</u> | <u>\$ 36,595</u> | <u>\$ 29,143</u> |

See notes to consolidated financial statements.

HSF AFFILIATES LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014 (In thousands)

| | <u>Members'</u> <u>Capital</u> | <u>Accumulated</u> <u>Earnings</u> | <u>Total</u> |
|-----------------------------|-----------------------------------|---------------------------------------|------------------|
| Balance — December 31, 2013 | \$ 34,696 | \$ 26,278 | \$ 60,974 |
| Net income | - | 29,143 | 29,143 |
| Distributions | <u>-</u> | <u>(42,224)</u> | <u>(42,224)</u> |
| Balance — December 31, 2014 | 34,696 | 13,197 | 47,893 |
| Net income | - | 36,595 | 36,595 |
| Distributions | <u>-</u> | <u>(42,211)</u> | <u>(42,211)</u> |
| Balance — December 31, 2015 | 34,696 | 7,581 | 42,277 |
| Net income | - | 39,925 | 39,925 |
| Distributions | <u>-</u> | <u>(39,481)</u> | <u>(39,481)</u> |
| Balance — December 31, 2016 | <u>\$ 34,696</u> | <u>\$ 8,025</u> | <u>\$ 42,721</u> |

See notes to consolidated financial statements.

HSF AFFILIATES LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(In thousands)

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------|------------------|------------------|
| Cash flows from operating activities: | | | |
| Net income | \$ 39,925 | \$ 36,595 | \$ 29,143 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | |
| Provision for doubtful accounts | (575) | (1,554) | (903) |
| Depreciation | 736 | 850 | 721 |
| Loss on disposal of property and equipment | - | 126 | - |
| Amortization of landlord incentives | (106) | (163) | (163) |
| Changes in assets and liabilities: | | | |
| Accounts and notes receivable | 3,395 | 2,778 | (231) |
| Accounts receivable — related parties | 30 | (155) | 550 |
| Due to related parties | 42 | (223) | (345) |
| Unexpended marketing fees | (796) | 2,168 | (1,046) |
| Other current and noncurrent assets | (564) | (567) | 146 |
| Accrued expenses and accounts payable | (4,445) | (3,827) | (589) |
| Other current liabilities | 31 | 316 | (369) |
| Income taxes | (35) | (6) | 18 |
| Other long-term liabilities | (47) | (57) | (37) |
| Net cash flows from operating activities | <u>37,591</u> | <u>36,281</u> | <u>26,895</u> |
| Cash flows from investing activities: | | | |
| Issuances of notes receivable to franchisees | (3,455) | (5,679) | (21,505) |
| Payments received on notes from franchisees | 4,995 | 4,403 | 1,977 |
| Payments for the purchase of property and equipment | <u>(1,673)</u> | <u>(466)</u> | <u>(858)</u> |
| Net cash used in investing activities | <u>(133)</u> | <u>(1,742)</u> | <u>(20,386)</u> |
| Cash flows from financing activities — Distribution to members | <u>(39,481)</u> | <u>(42,211)</u> | <u>(42,224)</u> |
| Net (decrease) increase in cash | (2,023) | (7,672) | (35,715) |
| Cash: | | | |
| Beginning of year | <u>11,931</u> | <u>19,603</u> | <u>55,318</u> |
| End of year | <u>\$ 9,908</u> | <u>\$ 11,931</u> | <u>\$ 19,603</u> |
| Supplemental disclosure of cash flow information — Income taxes paid | <u>\$ 130</u> | <u>\$ 94</u> | <u>\$ 133</u> |

See notes to consolidated financial statements.

HSF AFFILIATES LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 AND 2015 AND FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

HSF Affiliates LLC (“HSF” or the “Company”) owns and operates real estate franchise networks and provides sales support, lending, referral, technology, and marketing services to franchisee real estate brokers. HSF’s ultimate members are HomeServices of America, Inc. (“HomeServices”) and BRPS LLC (“BRPS”) (collectively, the “members”). As of December 31, 2016, Berkshire Hathaway Energy Company (“BHEC”) owned approximately 98% of HomeServices’ outstanding common stock. BHEC is a consolidated subsidiary of Berkshire Hathaway, Inc. (“BHI”). BRPS is a nonpublic subsidiary, ultimately owned by Brookfield Asset Management Inc.

Pursuant to a purchase agreement dated October 26, 2012 (“PA”), BRPS in effect sold two-thirds of its membership interests in HSF to HomeServices. The remaining one-third membership interest was retained by BRPS. Under the PA, BRPS has a put right (“put”) to require HomeServices to purchase the one-third membership interest starting after the second anniversary in 2015. And, HomeServices has a call right (“call”) to require BRPS to sell to HomeServices the one-third membership after December 31, 2017. The put and the call right are redeemable for cash equal to the option purchase outlined in the PA. Neither the put nor the call have been exercised as of the financial statement issue date.

BRER Affiliates LLC (“BRER”), formerly known as BRER Affiliates, Inc., is wholly owned by HSF and operates a real estate franchise network under the trademark “Prudential.” On December 6, 2011, Prudential Financial Inc. (“Prudential”) sold BRER and its relocation company to BRPS. Under the Prudential sale agreement, BRER may continue to use Prudential’s trademark based on the terms of the respective underlying franchise agreements.

Real Living Real Estate, LLC (“RLRE”) is wholly owned by HSF and operates a real estate franchise network under the trademark “Real Living.”

BHH Affiliates LLC (“BHH”) is wholly owned by HSF and operates a real estate franchise network under the trademark “Berkshire Hathaway HomeServices”.

Push down accounting was not applied in the sales transactions noted above and the basis of accounting has not changed for the periods presented.

As part of the October 26, 2012 PA, HSF and BRPS (among others) entered into a transition services agreement (“BRPS TA”) whereby BRPS, through its affiliates, and its respective employees, agents, or contractors, shall cause to provide certain services, such information systems, and purchasing for the benefit of the Company through March 31, 2015 at which time the Company transitioned providers of such services to either HomeServices, BHEC, employees of the Company or third party vendors. The accompanying consolidated financial statements include certain related-party transactions and cash transfers with BHEC (and its affiliates), HomeServices and BRPS. The results of the Company may be different if operated on its own.

The Company offers and sells independently owned and operated residential real estate brokerage franchises. In exchange for certain fees, the Company provides the right to use the trademarks, trade names, and other related service marks. The Company provides an initial orientation program, training and consultation services, and advertising programs. The Company also provides loans to certain franchisees (Note 3). The Company's principal market is the United States.

Residential real estate activity is cyclical in nature and is affected greatly by the general level of economic activity and the cost and availability of long-term mortgage funds. Residential real estate activity and, in turn, the Company's real estate revenue base can be adversely affected during an economic slowdown and/or during periods of high interest rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements were prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America, and include the results of HSF Affiliates LLC and its subsidiaries after elimination of intercompany balances and transactions.

Cash — Cash includes cash deposited with banks. The cash is available for immediate withdrawal.

Accounts Receivable — Accounts receivable consists of amounts due but not yet collected for royalty, referral, and other service-related fees from broker affiliates. Allowances for accounts receivable are determined based on aging and specific identification and charged to bad debt expense which is included in selling, general, and administrative expenses in the consolidated statements of operations. Management considers the total allowance for doubtful accounts sufficient to cover the risk that the Company may not recover the full amount of the accounts receivable. Receivables are generally written off against allowances after all reasonable collection efforts are exhausted.

Accounts Receivable — Related Party — Accounts receivable — related party consists of transactions between the operating entities and real estate franchise brokerage operations owned by HomeServices. These transactions include royalty fees and related revenue where the operating entity is the franchisor (Note 6).

Notes Receivable — Related Party — Notes receivable, related party consists of conversion notes (Note 3) between BHH and real estate franchise brokerage operations owned by HomeServices.

Notes Receivable — Net — The Company measures its estimates of impaired loans in accordance with Financial Accounting Standards Board ("FASB") guidance on accounting for impairment of loans. Changes in the present value of expected future cash flows of impaired loans are charged or credited to bad debt expense which is included in selling, general, and administrative expenses in the consolidated statements of operations. Additional reserves are recorded to cover the general credit risk inherent in the notes receivable (Note 3). Loans in which payments are delinquent are considered past due. Loans which management considers non-performing are placed on nonaccrual status and interest stops accruing. Subsequent amounts received on the loans are first applied to the principal and interest owed for the most delinquent amount. Interest income accruals are resumed once management classifies the loan as performing.

Property and Equipment — Net — Property and equipment consists of furniture, equipment, software, leasehold improvements, and artwork (Note 4). Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset. Property and equipment as well as artwork is tested for impairment whenever

events or changes in circumstances suggest that an asset's carrying value may not be fully recoverable in accordance with current accounting guidance.

Other Current Assets and Other Noncurrent Assets — Other current assets and other noncurrent assets consist of payments made to vendors in advance of the actual recognition of the goods or services. The advance payments consist of deposits for events that will be held in the year 2017 or beyond, or prepaid expenses where the benefit of the goods or services span into the year 2017 or beyond.

Due to Related Parties — Net — Due to related parties consists of net transactions between the Company and HomeServices, BHEC or its' respective affiliates. These transactions may include, but are not limited to: accruals, payments or collections made by HomeServices, BHEC or its affiliates for the Company (Note 6).

Deferred Revenue — Deferred revenue consists primarily of prepaid royalty fees and cash payments made by franchisees for meetings and events received in advance of the meetings and events, all expected to be earned in the following year. Deferred revenue is classified in other current liabilities in the consolidated balance sheets.

Lease Incentive — In conjunction with entering into a lease for office space in Irvine, California, in August 2012, a lease incentive was provided by the landlord. The lease incentive (Note 4) is amortized over the lesser of the estimated useful life of the asset or, where applicable, the remaining term of the lease. The amortization is recorded as a reduction of rental expense, which is included within selling, general, and administrative expenses. The portion of the liability that is current is classified in the accompanying consolidated balance sheets in other current liabilities — net of accumulated amortization and the portion that is long term is classified in the accompanying consolidated balance sheets in other long-term liabilities.

Revenue Recognition — Royalty fees are based on either a percentage of the gross commission income from closed real estate transactions or upon the number of sales agents or brokers licensed or associated with the franchisee, or a combination of the two. Royalty fees are reported net of royalty fee credits, rebates on conversion notes receivable (Note 3) and revenue-sharing agreements. Under revenue-sharing agreements the Company is obligated to provide a pro-rata share of royalty fees.

Initial franchise fees are recognized when all significant obligations of the Company are fulfilled and are included in other revenue in the consolidated statements of operations.

Other revenue includes meetings and training revenue, referral fees, late fees, service fees, and franchise termination fees that are primarily earned when services have been completed. In addition, other revenue includes collection of notes above their fair market value. Interest income on notes receivable balances, except certain impaired notes, is recognized over the period in which it is earned, in accordance with the terms of the related note. Interest income on certain impaired notes is recognized on a cash basis.

Income Taxes — HSF is a limited liability company that is not subject to federal corporate income tax, but may be subject to a minimal amount of state and local income tax. HSF expects to distribute cash to its members, HomeServices and BRPS, in order to pay income taxes to the extent required. The members do not allocate tax expense to the Company.

Use of Estimates — The preparation of consolidated 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of

revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the Company's financial statements include valuation of accounts and notes receivable allowances.

Recent Accounting Pronouncements — In February the FASB issued ASU No. 2016-02, which creates FASB ASC Topic 842, *Leases*, and supersedes Topic 840, *Leases*. This guidance increases transparency and comparability among entities by recording lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous guidance. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted, and is required to be adopted using a modified retrospective approach. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and disclosures included within notes to the consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, which creates FASB ASC Topic 606, *Revenue from Contracts with Customers* and supersedes ASC Topic 605, *Revenue Recognition*. The guidance replaces industry-specific guidance and establishes a single five-step model to identify and recognize revenue. The core principle of the guidance is that an entity should recognize revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Additionally, the guidance requires the entity to disclose further quantitative and qualitative information regarding the nature and amount of revenues arising from contracts with customers, as well as other information about the significant judgments and estimates used in recognizing revenues from contracts with customers.

In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year to interim and annual reporting periods beginning after December 15, 2017. During 2016, the FASB issued several ASUs that clarify the implementation guidance for ASU No. 2014-09 but do not change the core principle of the guidance. This guidance may be adopted retrospectively or under a modified retrospective method where the cumulative effect is recognized at the date of initial application. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and disclosures included within notes to the consolidated financial statements.

3. NOTES RECEIVABLE - NET

The Company provides promissory notes on a limited basis to new and existing affiliates. Generally, the principals of the affiliates personally guarantee the notes. Interest rates range from 4.25% to 12.5%. The original maturity dates of the notes range from 2015 to 2031.

There are two major types of notes receivable issued by the Company: conversion and deferred fee. Conversion notes may be granted to finance conversion and other costs incurred by franchisees to come into compliance with the Company standards. In certain circumstances, conversion notes receivable balances are repaid via rebates of royalty fees received from the broker affiliate that are applied to the notes receivable balance, including accrued interest. Deferred fee notes may be granted for royalty fees due. Additionally, the Company acquired investment notes that were previously issued to help finance growth and expansion of certain franchisees with no associated allowances. Notes receivable is comprised of the following as of December 31 (in thousands):

| | <u>2016</u> | <u>2015</u> |
|--------------------------------------|------------------|------------------|
| Conversion notes | \$ 36,598 | \$ 36,345 |
| Deferred fee notes | 481 | 1,522 |
| Investment notes | - | 53 |
| Allowance for uncollectible accounts | <u>(576)</u> | <u>(1,433)</u> |
| Notes receivable — net | <u>\$ 36,503</u> | <u>\$ 36,487</u> |

Approximately 98% and 96% as of December 31, 2016 and 2015, respectively, of the loan balances were evaluated collectively for impairment, and the remainder of the loan balances were evaluated individually for impairment. Management considers the total loan loss reserves sufficient to cover the risk that the Company may not recover the full amount of the impaired notes receivable. As part of the evaluation process, credit quality indicators are reviewed and loans are designated as performing or nonperforming. Approximately 98% and 96%, as of December 31, 2016 and 2015, respectively, of the loan balances were determined to be performing and approximately 98% and 89% of those balances were current as to payment status as of December 31, 2016 and 2015, respectively. The activity in the reserve for the years ended December 31 consisted of the following (in thousands):

| | <u>2016</u> | <u>2015</u> |
|--------------------------|---------------|-----------------|
| Beginning balance | \$ 1,433 | \$ 3,422 |
| Write-offs | (300) | (646) |
| Release of loss reserves | <u>(557)</u> | <u>(1,343)</u> |
| Ending balance | <u>\$ 576</u> | <u>\$ 1,433</u> |

4. PROPERTY AND EQUIPMENT-NET

For the year ended December 31, 2015 the Company recorded a loss of \$126 thousand in conjunction of its disposal of web portal software. Property and equipment, net consists of the following as of December 31 (in thousands):

| | Depreciable | | |
|-----------------------------------|--------------------|--------------------|--------------------|
| | <u>Life</u> | <u>2016</u> | <u>2015</u> |
| Software | 3-5 years | \$ 4,963 | \$ 3,259 |
| Leasehold improvements | 5 years | 861 | 861 |
| Furniture and equipment | 5 years | 403 | 420 |
| Computer equipment | 3-5 years | 328 | 445 |
| Artwork | - | 28 | 28 |
| Total property and equipment | | <u>6,583</u> | <u>5,013</u> |
| Accumulated depreciation | | <u>(3,417)</u> | <u>(2,877)</u> |
| Total property and equipment, net | | <u>\$ 3,166</u> | <u>\$ 2,136</u> |

5. MARKETING FEES

Under the terms of both the BRER and BHH affiliate broker franchise agreements, franchisees are required to contribute marketing fees to the Company, which the Company is required to use to promote and enhance the respective trademarks within the context of its real estate franchise businesses. RLRE did not participate in a marketing fees program for the years ended December 31, 2016 and 2015.

Unexpended marketing fees liability represent marketing fees received by the Company in excess of marketing costs expensed. The Company had unexpended marketing fees of \$1,112 thousand and \$1,939 thousand as of December 31, 2016 and 2015, respectively, related to BRER.

In addition to the contributions from the BHH franchisees, the Company contributed \$2,000 thousand, \$5,000 thousand, and \$9,300 thousand to the BHH marketing fee program for the years ended December 31, 2016, 2015 and 2014, respectively, and is reported in selling, general, and administrative expenses in the accompanying consolidated statements of operations. The Company had unexpended marketing fees of \$2,221 thousand and \$2,190 thousand as of December 31, 2016 and 2015, respectively, reported as unexpended marketing fees liability in the accompanying consolidated balance sheets.

6. RELATED-PARTY TRANSACTIONS

In the ordinary course of business, the Company has transactions with certain related parties. The Company has franchise agreements with real estate franchise brokers wholly owned by HomeServices. The royalty fees and related revenue earned are reported as revenue from related parties and any unpaid amounts are reported in accounts and notes receivable—related parties in the accompanying consolidated statement of operations and consolidated balance sheets, respectively. Revenue from related parties totaled \$18,511 thousand, \$16,961 thousand and \$14,108 thousand for the years ended December 31, 2016, 2015 and 2014, respectively. The Company also has conversion notes with real estate franchise brokers wholly owned by HomeServices. The affiliated interest is reported in interest income in the accompanying consolidated statements of operations and totaled \$53 thousand, \$0 thousand and \$0 thousand for the years ended December 31, 2016, 2015 and 2014, respectively.

The accounts receivable, for the unpaid royalty fees as well as related revenue earned, and the current portion of the notes receivable from related parties as of December 31 were as follows (in thousands):

| | <u>2016</u> | <u>2015</u> |
|---|---------------|---------------|
| Accounts receivable - related parties | \$ 457 | \$ 567 |
| Notes receivable - related parties | <u>136</u> | <u>-</u> |
| Total accounts and notes receivable - related parties | <u>\$ 593</u> | <u>\$ 567</u> |

The portion of the notes receivable due in the year 2018 or beyond totaled \$945 thousand and \$0 thousand as of December 31, 2016 and 2015, respectively and is reported in notes receivable – related party in the noncurrent asset section of the accompanying consolidated balance sheets.

During 2016, 2015 and 2014, BHEC, BHI, HomeServices, and affiliated companies of BHI and HomeServices provided services to the Company. During 2015 and 2014, BRPS provided services to the Company and/or paid for certain expenses on behalf of the Company. Intercompany charges and credits include, but are not limited to: costs for services, including human resources, accounting, information systems, legal costs, and other overhead allocations. In conjunction with the notes receivable, the Company had a liability for the reduction in the conversion notes to brokerage operations owned by HomeServices.

Related-party transactions for services or expenses included in selling, general, and administrative expenses in the accompanying consolidated statement of operations for the years ended December 31 were as follows (in thousands):

| | | | |
|----------------------------|---------------|---------------|-----------------|
| HomeServices | \$ 153 | \$ 177 | \$ 195 |
| BHEC/BHI | 130 | 176 | 270 |
| BRPS | <u>-</u> | <u>463</u> | <u>1,879</u> |
| Total services or expenses | <u>\$ 283</u> | <u>\$ 816</u> | <u>\$ 2,344</u> |

The due to related parties for the unpaid services or expenses and reduction in conversion notes as of December 31 were as follows (in thousands):

| | <u>2016</u> | <u>2015</u> |
|------------------------------|---------------|---------------|
| HomeServices | \$ 814 | \$ 778 |
| BHEC/BHI | <u>8</u> | <u>2</u> |
| Total due to related parties | <u>\$ 822</u> | <u>\$ 780</u> |

7. COMMITMENTS AND CONTINGENCIES

The Company may, from time to time, be a defendant in litigation arising in the normal course of business. The Company does not expect such normal and routine litigation to have a material adverse effect on the consolidated financial results.

The Company rents office space under long-term operating lease agreements, a long-term operating sublease agreement, and a long-term equipment lease. Rental expense, which is included within selling, general, and administrative expenses, incurred for the years ended December 31, 2016, 2015 and 2014 was \$635 thousand, \$625 thousand and \$607 thousand, respectively. Future minimum lease payments under noncancelable operating leases at December 31, 2016, which are not reflected on the consolidated balance sheet, are as follows (in thousands):

| | |
|-------------------------------------|----------------|
| 2017 | \$ 716 |
| 2018 | 878 |
| 2019 | 871 |
| 2020 | 762 |
| 2021 | 726 |
| 2022 and thereafter | <u>484</u> |
| Total future minimum lease payments | <u>\$4,437</u> |

In connection with a dispute involving a former franchisee, in November 2016 an arbitrator issued an interim award in favor of one of the Company's subsidiaries. Collection of any portion of this award is not assured. Accordingly, no gain has been recorded in the consolidated financial statements related to this matter.

8. EMPLOYEE RETIREMENT PLAN

The Company sponsors a defined contribution salary deferral plan ("Plan") covering substantially all employees. Employee contributions to the Plan are subject to regulatory limitations and specific Plan provisions. The Company's contributions are discretionary, but are based primarily on each participant's level of contribution and cannot exceed the maximum allowable for tax purposes. For the years ended December 31, 2016, 2015 and 2014, the Company recognized plan expense of \$436 thousand, \$400 thousand and \$377 thousand, respectively, and is included within selling, general, and administrative expenses in the consolidated statements of operations.

9. SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through March 7, 2017, which is the date the consolidated financial statements were issued. There were no material subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

* * * * *

EXHIBIT D
STATE REGULATORY AUTHORITIES

Exhibit D

LIST OF STATE FRANCHISE ADMINISTRATORS

| <u>State</u> | <u>Title of Administrator</u> | <u>Telephone Number</u> |
|--------------|--|-------------------------|
| California | Toll Free Number | (866) 275-2677 |
| | Commissioner of Corporations 320 W. 4th Street Suite 750 Los Angeles, California 90013-2344 | (213) 576-7500 |
| | or | |
| | One Sansome Street Suite 600 San Francisco, California 94104 | (415) 972-8559 |
| | or | |
| | 1350 Front Street, Room 2034 San Diego, California 92101-3697 | (619) 525-4233 |
| | or | |
| | 1515 K Street, Suite 200 Sacramento, California 95814-4052 | (916) 445-7205 |
| Hawaii | Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 | (808) 586-2744 |
| Illinois | Attorney General 500 South Second Street Springfield, Illinois 62706 | (217) 782-4465 |
| Indiana | Securities Commissioner 302 West Washington St., Rm. E-111 Indianapolis, Indiana 46204 | (317) 232-6681 |
| Maryland | Office of the Attorney General, Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 | (410) 576-6360 |

| | | |
|--------------|--|----------------|
| Michigan | Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, Michigan 48913 | (517) 373-7117 |
| Minnesota | Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 | (612) 296-6328 |
| New York | Attorney General New York State Department of Law 120 Broadway, 23rd Floor New York, New York 10271 | (212) 416-8211 |
| North Dakota | Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 | (701) 328-4712 |
| Oregon | Director, Department of Insurance and Finance Labor and Industries Building Salem, Oregon 97310 | (503) 378-4387 |
| Rhode Island | Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407 | (401) 222-3048 |
| South Dakota | Director, Division of Securities 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501-3185 | (605) 773-4823 |
| Virginia | State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 | (804) 371-9051 |
| Washington | Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501 | (306) 902-8760 |
| Wisconsin | Commissioner of Securities 201 W Washington Avenue, Suite 300 Madison, Wisconsin 53703 | (608) 266-3431 |

EXHIBIT E
AGENTS FOR SERVICE OF PROCESS

LIST OF AGENTS FOR SERVICE OF PROCESS

| <u>State</u> | <u>Name and Address of Agent</u> |
|--------------|---|
| California | California Department of Business Oversight 320 West 4 th Street Suite 750 Los Angeles, California 90013-2344 |
| Hawaii | Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 |
| Illinois | Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 |
| Indiana | Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 |
| Maryland | Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 |
| Michigan | Corporations, Securities and Land Development Bureau Michigan Department of Consumer and Industry Services 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48909 |
| Minnesota | Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 |
| New York | Secretary of State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231 |
| North Dakota | Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, 5th Floor Dept 414 Bismarck, North Dakota 58505-0510 |

| | |
|--------------|--|
| Rhode Island | Director of Rhode Island Department of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407 |
| South Dakota | Director of South Dakota Division of Securities c/o 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501 -3185 |
| Virginia | Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 |
| Washington | Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd. SW Tumwater, WA 98501 |
| Wisconsin | Division Administrator 201 W Washington Avenue, Suite 300 Madison, Wisconsin 53703 |

If a state is not listed, Berkshire Hathaway HomeServices has not filed for appointment of an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Berkshire Hathaway HomeServices has appointed an agent for service of process.

EXHIBIT F

PROPOSED FORMS OF PROMISSORY NOTES

FRANCHISE TERM NOTE

\$ _____

Irvine, California

FOR VALUE RECEIVED, the undersigned, (collectively “Maker”) hereby promises to pay to the order of BHH AFFILIATES, LLC, a Delaware limited liability company with its principal place of business at 18500 Von Karman, Suite 400, Irvine, CA 92612 (“Lender”), the principal sum of _____ DOLLARS (\$ _____), together with interest at _____% per annum on the outstanding balance of said principal sum, commencing at the times and pursuant to the terms hereinafter provided until this Franchise Term Note is paid in full.

1. Annual Payments. The principal amount of this Franchise Term Note, together with accrued interest, shall be repaid in equal annual installments of principal and interest on the last day of the First Anniversary Year and on the last day of each ensuing Anniversary Year (as such terms are defined in the Real Estate Brokerage Franchise Agreement between _____ and Lender being entered into concurrently herewith, as the same may be amended, modified and in effect from time to time (the “Franchise Agreement”)), until paid in full, whether at maturity, by acceleration, or otherwise. All remaining principal, together with accrued interest, if any, shall be due and payable in full on the date set forth herein, or the termination or expiration of the term of the Franchise Agreement, whichever occurs first.

2. Franchise Agreement. Maker and Lender contemplate that so long as no default, breach, or other violation by _____ has occurred and is continuing under the Franchise Agreement, Lender shall apply, against the annual installment of principal and interest, an amount equal to those Continuing Royalties (as such term is defined in the Franchise Agreement) actually paid by _____ to Lender (the “Royalty Rebate”) during the twelve months preceding the due date of the annual installment. The amount of the Royalty Rebate applied to each installment will not exceed the amount of the applicable annual installment. In the event Maker does not qualify for the Royalty Rebate or the Royalty Rebate is not sufficient to pay the annual installment under this Franchise Term Note, then Maker shall immediately pay the annual installment or such shortfall, as the case may be to Lender within ten (10) days of the due date of such annual installment as set forth in this Franchise Term Note.

3. Acceleration Upon Default. If Maker does not make any payment of principal and accrued interest thereon, if any, when due, or if a default, breach or other violation by _____ under the Franchise Agreement has occurred, then, at the option of Lender, the entire outstanding principal amount of this Franchise Term Note, and any and all accrued and unpaid interest thereon, shall become immediately due and payable without demand, presentment for payment, notice of dishonor, protest and notice of protest, notice of intent to accelerate and notice of acceleration, diligence in collecting or bringing suit against Maker, or any other notice by Lender other than as expressly provided in the Franchise Agreement.

4. Prepayment. Maker may, upon at least three (3) business days’ prior written notice to Lender stating the proposed date and amount of the prepayment, prepay the outstanding balance of principal and interest, if any, of this Franchise Term Note in whole or in part, without premium or penalty. If Maker gives Lender notice of a prepayment, Maker shall make the prepayment on the date and in the amount stated in the notice.

5. Payments and Computations. All payments on account of indebtedness evidenced by this Franchise Term Note shall be made not later than 11:00 A.M. (Pacific Time) on the day when due in lawful money of the United States. All computations of interest shall be made by Lender on the basis of a 365-day year for the actual number of days occurring in the period for which such interest is payable. Said payments are to be made at such place as Lender or the legal holders of this Franchise Term Note may, from time to time, in writing appoint, and in the absence of such appointment, then at the principal place of business of Lender as set forth on the first page of this Franchise Term Note.

6. Applicable Law. Maker represents and agrees that this instrument and the rights and obligations of all parties hereunder shall be governed by and construed under the laws of the state which govern the Franchise Agreement, without regard to the conflicts of law principles of such State.

7. Severability. The parties hereto intend and believe that each provision in this Franchise Term Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Franchise Term Note is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Franchise Term Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this Franchise Term Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Maker and Lender or the legal holders hereof under the remainder of this Franchise Term Note shall continue in full force and effect.

8. Maximum Interest. Notwithstanding any other provision of this Franchise Term Note or any other agreement between Maker and Lender, nothing herein shall require the Maker to pay, or the holder of this Franchise Term Note to accept, interest in an amount which subjects the holder to any penalty or forfeiture under applicable law, and in no event shall the total of all charges payable hereunder (whether of interest or of such other charges which may or might be characterized as interest) exceed the maximum rate permitted to be charged under applicable law. Should Lender or any other holder of this Franchise Term Note receive any payment which is or would be in excess of that permitted to be charged under applicable law, such payment shall have been, and shall be deemed to have been, made in error and shall be held as additional cash collateral for the indebtedness evidenced by this Franchise Term Note.

9. Waiver. Maker and all parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety or otherwise, generally waive demand, presentment for payment, notice of dishonor, protest and notice of protest, notice of intent to accelerate and notice of acceleration, diligence in collecting or bringing suit against any party hereto, and all other notices other than as expressly provided in the Franchise Agreement and agrees to all extensions, renewals, indulgences, releases or changes which from time to time may be granted by the holder hereof and to all partial payments hereon, with or without notice before or after maturity.

10. Notices. All notices and communications pursuant to or in respect of this Franchise Term Note shall be given as provided in Section 14.07 of the Franchise Agreement.

11. Time. Time is of the essence as to all dates set forth herein.

12. Attorney's Fees. In case any payment herein provided for shall not be made in accordance with the terms herein, Borrower further promises to pay all costs of collection and reasonable attorney's fees.

DATED AS OF: _____, 201____

FRANCHISEE:

By: _____

, as an individual

By: _____

, as an individual

PROMISSORY NOTE FOR INITIAL FRANCHISE FEE

Irvine, California

\$ _____

FOR A GOOD AND VALUABLE CONSIDERATION, the undersigned ("Borrower") promises to pay to BHH Affiliates, LLC ("Lender"), or order, at 18500 Von Karman, Suite 400, Irvine, California 92612, or at such other place as Lender may from time to time designate, the principal sum of _____ Dollars (\$ _____) with interest on the unpaid principal at the rate of _____ percent (____%) per annum from _____, 20____, until paid.

Principal and interest shall be paid in lawful money of the United States of America in _____ (____) installment payments in accordance with the attached amortization schedule. On or before _____, 20____, the entire unpaid balance of principal hereof and all accrued interest shall be due and payable. Borrower shall pay a late charge equal to four percent (4%) of any payment which is not paid when due.

Unless otherwise designated by Lender in writing, all amounts due under the terms hereof shall be collected by Lender from the Depository Account established and maintained by _____, with an Automated Clearing House member bank pursuant to the terms of that certain Real Estate Brokerage Franchise Agreement between Lender and _____ being entered into concurrently herewith ("Franchise Agreement"). Borrower's payments of the amounts due under the terms hereof shall be collected on the date the payment is due, or on the first business day following the date the payment is due, if notification of collection need be given by Lender to Borrower. All terms and conditions of the Franchise Agreement relating to the establishment, maintenance and collections of amounts from the Depository Account are incorporated herein by reference and shall apply to payments of the amounts due hereunder.

Upon default in payment when due, at the option of the holder hereof, the whole of the principal sum then remaining unpaid and all interest accrued hereon shall become immediately due and payable, without demand or notice. In case any payment herein provided for shall not be made in accordance with the terms herein, Borrower further promises to pay all costs of collection and reasonable attorney's fees.

Continued affiliation of _____, as a franchisee of Lender, requires full payment of this Promissory Note for Initial Franchise Fee ("Note"), in accordance with the terms contained herein. Any default under this Note shall constitute a default under the Franchise Agreement. Any default under the Franchise Agreement shall constitute a default under this Note. Upon termination or expiration of the Franchise Agreement between Lender and _____ for any reason, at the option of the holder hereof, the whole of the principal sum then remaining unpaid and all interest accrued hereon shall become immediately due and payable, without demand or notice.

Borrower and all endorsers of this Note, and each of them, hereby waive diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest and specifically

consent to and waive notice of any renewals, extensions, amendments to modifications of this Note whether made to or in favor of Borrower or any other person or persons. The claiming of any statute of limitations as a defense to any demand against Borrower or any endorser is expressly waived by each and all of said parties.

This Note shall be construed and enforced in accordance with the laws of the state which govern the Franchise Agreement, without regard to the conflicts of law principles of such State.

Any notice to Borrower shall be given by mailing such notice via first class mail to Borrower at the address given below. Any notice to Lender shall be sent to the address in the first paragraph of this note or such other address as may have been designated by notice to Borrower.

DATED AS OF: _____, 20____

_____,
a _____ corporation

By: _____
 , President

By: _____
 , Secretary

, as an individual

, as an individual

Address:

AMORTIZATION SCHEDULE

EXHIBIT G
OPERATIONS MANUAL TABLE OF CONTENTS



**BERKSHIRE
HATHAWAY**
HomeServices

Operations Manual

March 2017

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EXHIBIT H

STATE LAWS REQUIRING LICENSING OF REAL ESTATE BROKERS AND AGENTS

Exhibit H

STATE LAWS REQUIRING LICENSING OF REAL ESTATE BROKERS AND AGENTS

Each of the states and the District of Columbia have specific requirements concerning the licensing of real estate brokers and agents. Franchisees must comply with these requirements and Berkshire Hathaway HomeServices strongly advises prospective franchisees to consult with their own advisors about compliance with these laws. Following is a list of these laws.

| | |
|----------------------|---|
| Alabama | Code of Alabama, Title 34, Chapter 27 |
| Alaska | Alaska Statutes, Title 8, Chapter 88 |
| Arizona | Arizona Revised Statutes, Title 32, Chapter 20 |
| Arkansas | Arkansas Code, Title 17, Chapter 42 |
| California | California Business & Professions Code, Division 4, Pt. 1, Chapters 1-3 |
| Colorado | Colorado Revised Statutes, Title 12, Article 61 |
| Connecticut | Connecticut General Statutes, Title 20, Chapter 392 |
| Delaware | Delaware Code, Title 24, Chapter 29 |
| District of Columbia | District of Columbia Code, Title 47, Chapter 28, Subchapter I-B, Part M |
| Florida | Florida Statutes, Title XXXII, Chapter 475 |
| Georgia | Georgia Code, Title 43, Chapter 40 |
| Hawaii | Hawaii Revised Statutes, Title 25, Chapter 467 |
| Idaho | Idaho Code, Title 54, Chapter 20 |
| Illinois | Illinois Compiled Statutes, Chapter 225, Act 454 |
| Indiana | Indiana Statutes Title 25, Article 34.1 |
| Iowa | Iowa Code, Title XIII, Subtitle 4, Chapter 543B |
| Kansas | Kansas Statutes, Chapter 58, Article 30 |
| Kentucky | Kentucky Revised Statutes, Title XXVI, Chapter 324 |
| Louisiana | Louisiana Revised Statutes, Title 37, Chapter 17 |
| Maine | Maine Revised Statutes, Title 32, Chapter 114 |
| Maryland | Maryland Business Occupations & Professions Article, Title 17 |
| Massachusetts | Massachusetts General Laws, Chapter 112, Sections 87PP - 87DDD½ |
| Michigan | Michigan Compiled Laws, Chapter 339, Article 25 |
| Minnesota | Minnesota Statutes, Chapter 82 |
| Mississippi | Mississippi Code, Title 73, Chapter 35 |
| Missouri | Missouri Revised Statutes, Title 22, Chapter 339 |
| Montana | Montana Code, Title 37, Chapter 51, Part 3 |
| Nebraska | Nebraska Revised Code, Sections 81-885.01 - 885.05 |
| Nevada | Nevada Revised Statutes, Chapter 645 |
| New Hampshire | New Hampshire Revised Statutes, Title XXX, Chapter 331-A |
| New Jersey | New Jersey Statutes, Title 45, Chapter 15 |
| New Mexico | New Mexico Statutes, Chapter 61, Article 29 |
| New York | New York Real Property Law, Article 12-A, Sections 440 - 442 |
| North Carolina | General Statutes of North Carolina, Chapter 93A |
| North Dakota | North Dakota Century Code, Title 43, Chapter 43-23 |
| Ohio | Ohio Revised Code, Title 47, Chapter 4735 |
| Oklahoma | Oklahoma Statutes, Title 59, Chapter 858 |
| Oregon | Oregon Revised Statutes, Chapter 696 |
| Pennsylvania | The Pennsylvania Code, Title 49, Chapter 35, Section 35.221-35.255 |
| Rhode Island | General Laws of Rhode Island, Title 5, Chapter 5-20.5 |
| South Carolina | South Carolina Code of Laws, Title 40, Chapter 57 |
| South Dakota | South Dakota Codified Laws, Title 36, Chapter 36-21A |
| Tennessee | Tennessee Code, Title 62, Chapter 13 |
| Texas | Texas Occupations Code, Title 7, Subtitle A, Chapter 1101 |
| Utah | Utah Code, Title 61, Chapter 2c, Section 201 |
| Vermont | Vermont Statutes, Title 26, Chapter 41 |
| Virginia | Code of Virginia, Title 54.1, Chapter 21 |
| Washington | Revised Code of Washington, Title 18, Chapter 18.85 |
| West Virginia | West Virginia Code, Chapter 30, Article 40 |
| Wisconsin | Wisconsin Statutes, Chapter 452 |
| Wyoming | Wyoming Statutes, Title 33, Chapter 28 |

EXHIBIT I
STATE ADDENDA

**BERKSHIRE HATHAWAY HOMESERVICES
RESIDENTIAL OFFERING**

STATE ADDENDA

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 3. Neither the franchisor nor any person in Item 2 of the 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.

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.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Orange County, California with the respective costs being borne by each party, except in cases involving collection of moneys due, enforcement of indemnification obligations, or other matters involving the use or protection of the Service Marks, in which case the prevailing party is entitled to an award of attorneys' fees and costs. This provision may not be enforceable under California law.

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

The franchise agreement contains waivers of punitive damages and a jury trial. These provisions may not be enforceable under California law.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT WWW.DBO.CA.GOV.

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 OFFERING CIRCULAR.

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF HAWAII**

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 (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) 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.

YOUR RIGHTS UPON TERMINATION OR NONRENEWAL MAY BE AFFECTED BY THE HAWAII FRANCHISE INVESTMENT LAW, HAWAII REVISED STATUTES, TITLE 26, CHAPTER 482E, SECTION 482E-6(3).

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: Hawaii, Indiana, Maryland, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Washington and Wisconsin.

2. A proposed registration or filing is or will be shortly on file in the following states: Illinois, New York, and Virginia.

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

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

5. The proposed registration of these franchises has not been withdrawn in any state.

The provisions of this Addendum only apply if the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF ILLINOIS**

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

2. Cover Page. Risk factor 1 indicates that local law may supersede the Franchise Agreement. As noted in Paragraph 3 below, the Illinois Franchise Disclosure Act does supersede the Franchise Agreement and applies to Illinois franchisees.

* **THE LAWS OF THE STATE OF ILLINOIS WILL GOVERN THE FRANCHISE RELATIONSHIP BETWEEN BERKSHIRE HATHAWAY HOMESERVICES AND YOU.**

* **ANY MEDIATION, ARBITRATION, OR LITIGATION WILL TAKE PLACE IN COOK COUNTY, ILLINOIS OR OTHER MUTUALLY AGREEABLE LOCATION IN ILLINOIS.**

3. Item 17. The following language is added to Items 17v and 17w:

"Provided that the provisions of the Illinois law will govern franchises located in the State of Illinois."

4. Item 17v. Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois. Therefore, contrary to the provisions of Item 17v. of the Disclosure Document and Section 12.07 of the Franchise Agreement, any dispute will be resolved in Cook County, Illinois or other mutually agreeable location in Illinois.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE AGREEMENT OF BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF ILLINOIS**

1. The following language is added to Section 15.01 of the Franchise Agreement:

“Notwithstanding the foregoing provisions of this paragraph 15.01, Illinois law will govern franchises granted to residents of Illinois and franchises located in the State of Illinois when the offer was made or accepted in Illinois.”

2. Section 12. We are under no obligation to offer you an exclusive territory. If, however, we decide to grant you an exclusive territory, the terms of the exclusive territory will be governed by a separate amendment to the Franchise Agreement. A sample of the exclusive territory amendment is attached as Exhibit A to this Addendum.”

3. The following language is added to Section 12.07 of the Franchise Agreement:

“The parties acknowledge that Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration outside of Illinois. Therefore, notwithstanding the provisions of paragraph 12.07 of the Franchise Agreement, any Dispute will be resolved in Cook County, Illinois or other mutually agreeable location in Illinois.”

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

5. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this state is void.”

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

DATED: _____

DATED: _____

FRANCHISOR:
BHH AFFILIATES, LLC

FRANCHISEE:

By: HSF AFFILIATES, LLC, its sole member _____

(Company)

By: _____

By: _____

Exhibit A
_____ AMENDMENT TO
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT
(Residential Exclusivity Amendment)

This _____ Amendment to Real Estate Brokerage Franchise Agreement (“Exclusivity Amendment”) is made and entered into this ____ day of _____, _____ but shall be effective as of the "Effective Date" as that term is defined in that certain First Amendment to Real Estate Brokerage Franchise Agreement (“First Amendment”) which is being executed concurrently herewith by and between BHH Affiliates, LLC, a Delaware limited liability company (“Franchisor”) and _____, a _____ proposing to do business in the State of _____ as Berkshire Hathaway HomeServices _____ (“Franchisee”), with reference to the following facts:

A. Franchisor and Franchisee are concurrently herewith executing a Real Estate Brokerage Franchise Agreement and the First Amendment (together the “Franchise Agreement”), under the terms of which Franchisee, upon the Effective Date of the Franchise Agreement, will be licensed by the Franchisor to use a certain "System," including proprietary marks of Franchisor, for the promotion and assistance of Franchisee’s independently owned and operated real estate brokerage business.

B. Franchisee and Franchisor desire to provide for certain exclusive territory rights as more fully set forth below.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Grant of Limited Exclusivity.

Subject to the further provisions of this Exclusivity Amendment, Franchisor agrees that Franchisor will not license any person or entity to use the System by Acting as a Real Estate Broker with respect to residential real estate transactions from business premises owned or leased by such person or entity in the Exclusive Territories (as defined below) during the term of the Franchise Agreement which expires _____ years from the Effective Date. Nothing herein shall limit the right of Franchisor to use, develop or license rights other than the System that is the subject of the Franchise Agreement or to use or license the Service Marks that are part of the System for business purposes other than use of the System, including without limitation the licensing of the service marks in connection with the grant of a commercial only real estate brokerage franchise. Furthermore, Franchisee acknowledges that nothing herein shall prevent other franchisees of Franchisor who have Locations and places of business outside the Exclusive Territory from Acting as a Real Estate Broker with respect to residential properties located within the Exclusive Territories, and nothing herein shall prevent other franchisees of Franchisor from having Locations and other places of business outside the boundaries of any or all of the Exclusive Territory, as defined below.

2. Exclusive Territory.

The "Exclusive Territory" consists of the following geographical area:

3. Existing Franchisees.

(a) Franchisee acknowledges that there may be existing franchisees who operate in the Berkshire Hathaway HomeServices, Prudential Real Estate or Real Living Real Estate franchise systems (the "Existing Franchisees") who may currently operate from places of business located within the Exclusive Territory. The parties agree that, if there are any Existing Franchisees on the Effective Date, Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to the Existing Franchisees in the Exclusive Territory, and Franchisor may license any Existing Franchisee to use the System by Acting as a Real Estate Broker from the business premises owned or leased by Existing Franchisees in the Exclusive Territory from which such Existing Franchisee currently operates, as well as any new business premises not currently so owned or leased, notwithstanding any change in the ownership or management of such Existing Franchisee or in the event of an assignment of such Existing Franchisee's franchise agreement to another person or entity who shall be considered an Existing Franchisee.

(b) Franchisee further acknowledges and agrees that Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to (i) any real estate brokerage currently owned, directly or indirectly, by HomeServices of America, Inc. ("HSOA Brokerage") operating from any location(s) within the exclusive territories, (ii) any franchisees ("HSOA Brokerage Franchisees") associated with any HSOA Brokerage operating from any locations within the Exclusive Territories, (iii) any real estate brokerage subsequently acquired, directly or indirectly by HomeServices of America, Inc. ("Subsequently Acquired HSOA Brokerage") which is operating from locations within the Exclusive Territories as well as (iv) any franchisees ("Subsequently Acquired HSOA Brokerage Franchisees") associated with any Subsequently Acquired HSOA Brokerage operating from any locations within the Exclusive Territories. Franchisor may license any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee and Subsequently Acquired HSOA Brokerage Franchisee to use the System by Acting as a Real Estate Broker from (i) the business premises owned or leased by any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee in the Exclusive Territories from which such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee operates, as well as any new business premises not then so owned or leased, notwithstanding any change in the ownership or management of such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee or in the event of an assignment of such HSOA Brokerage's, Subsequently Acquired HSOA Brokerage's, HSOA Brokerage Franchisee's or Subsequently Acquired HSOA Brokerage Franchisee's franchise agreement to another person or entity who shall be considered an HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee, as the case may be.

4. Minimum Performance –Exclusive Territory.

No later than December 31, _____, and for each year ended December 31 thereafter, Franchisee shall (i) maintain no less than a _____ percent (____%) Market Share, and (ii) rank as

one of the top _____ companies within the Exclusive Territory, with each of (i) and (ii) based on closed dollar volume of residential transactions for properties located in the Exclusive Territory.

Market Share is defined as the percentage that Franchisee's total closed dollar volume of residential transactions for properties located in the Exclusive Territory for the calendar year being measured bears to the total closed dollar volume of residential transactions for all properties located in the Exclusive Territory for the calendar year being measured.

Franchisor shall make its determination as to whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory using closed residential transaction information reported to Franchisor by Franchisee, or alternatively, Franchisor may utilize quarterly statistical reports issued by a third party vendor employed by Franchisor for such purpose. In the event Franchisor's vendor ceases to provide such information, then Franchisor may obtain such information from another source which is, in Franchisor's reasonable discretion, a substitute for such information, in which case the substitute information shall constitute company ranking information and the Franchisee closed dollar volume and closed board volume information used to determine whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory. Should Franchisor determine that the necessary information can only be obtained from one or more Multiple Listing Services in which Franchisee participates, then in such event, Franchisee shall provide access to such Multiple Listing Service(s) for the limited purpose stated herein. Franchisor shall provide to Franchisee a written summary of its calculation and the information used to support it.

Alternatively, if requested by Franchisor, then within ninety (90) days after any such request, Franchisee shall provide Franchisor with information about closed residential transactions in the Exclusive Territory, Franchisee's financial information and any other information that Franchisor shall, in its reasonable discretion, determine is necessary and in such form as may be reasonably directed by Franchisor to enable it to make its determination. Franchisee agrees that such information is necessary to allow Franchisor to determine whether or not Franchisee has met the minimum performance requirements for any Exclusive Territory.

5. Termination of Exclusivity.

(a) If Franchisee fails to meet the required minimum performance criteria as set forth in paragraph 4 above, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately.

(b) If any payments of Continuing Royalties, Marketing Fees or any other amounts due to Franchisor from Franchisee under the terms of the Franchise Agreement are delinquent and unpaid (a "Payment Default") after written notice and demand to cure from Franchisor as provided for in the Franchise Agreement; then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately without further opportunity to cure and this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

(c) If Franchisee is in material breach (other than a Payment Default) of any material provision of the Franchise Agreement, or any other agreement to which both Franchisor or any

of its affiliates and either Franchisee or any of its affiliates or Equity Holders are party, after written notice and demand to cure from Franchisor as set forth in the Franchise Agreement or any other agreement, as the case may be, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

6. Construction of Amendment.

(a) Entire Agreement. The foregoing constitutes the entire agreement between the parties hereto with respect to the matters set forth herein; all other understandings or representations, whether oral or written, having been incorporated herein, are otherwise superseded.

(b) Effect on Franchise Agreement. The parties agree that the terms and conditions of this Exclusivity Amendment supersede inconsistent terms of the Franchise Agreement, that the Franchise Agreement is hereby modified as set forth herein, and that this Exclusivity Amendment constitutes a part of the Franchise Agreement. All of the terms and conditions of the Franchise Agreement not specifically modified herein shall remain in full force and effect.

(c) Counterparts; Electronic Signatures. Franchisor and Franchisee agrees that this Exclusivity Amendment may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Exclusivity Amendment. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Exclusivity Amendment shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

7. Confidentiality.

Franchisee acknowledges that Franchisor is willing to enter into this Exclusivity Amendment subject to the condition that Franchisee maintains the confidentiality of this Exclusivity Amendment as set forth in this paragraph. Franchisee agrees that it will maintain the confidentiality of this Exclusivity Amendment and will not permit the terms hereof or the content of discussions between Franchisee and Franchisor or their representatives related hereto to be disclosed to any parties other than the parties hereto and Franchisee's officers, shareholders, attorneys and accountants and also agrees that it shall cause any party to which it discloses such terms or conditions to maintain the confidentiality of such information and not to disclose such information to any parties other than those to whom Franchisee is permitted to make disclosures under this paragraph. Franchisor acknowledges that this paragraph shall not prohibit Franchisee from making disclosures required by law. Franchisee agrees however, that prior to making such disclosure it shall provide Franchisor with prompt notice of such requirement and shall cooperate with Franchisor in seeking a protective order waiving such disclosure and obtaining reliable assurance that confidential treatment will be accorded to any confidential information disclosed.

IN WITNESS WHEREOF, the parties hereto have caused this Exclusivity Amendment to be executed on or as of the date indicated above:

FRANCHISEE:

FRANCHISOR:
BHH AFFILIATES, LLC
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By:
Its:

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
OF BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF MARYLAND**

1. Item 17 (c) and (m) – Conditions for Franchisor Approval of Transfer. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 (h) – "Cause" Defined – Non-Curable Defaults. Provisions for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

3. Item 17 (v) – Choice of Forum. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE AGREEMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF MARYLAND**

1. The following provisions is hereby added to Section 10.02 of the Franchise Agreement:

"The general release required as a condition of sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following sentence is hereby added to Section 12.07 of the Franchise Agreement:

"Nothing in this paragraph shall prohibit a franchisee in Maryland from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

The Maryland Franchise Registration and Disclosure Law currently provides that any claims arising under it must be brought within three (3) years after the grant of a franchise.

3. The following sentence is hereby added to the Franchise Agreement:

"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 liability incurred under the Maryland Franchise Registration and Disclosure Law. These representations 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."

The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

DATED: _____

DATED: _____

By: HSF AFFILIATES, LLC, its sole member

FRANCHISEE: _____

(Company)

By: _____

By: _____

By: _____

By: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 agreement(s) 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 Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) 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, Section 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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**AMENDMENT TO THE FRANCHISE AGREEMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 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 agreement(s) 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 Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) 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, Section 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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

DATED: _____

DATED: _____

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES, LLC, its sole member

(Company)

By: _____

By: _____

By: _____

By: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF NEW YORK**

Item 3 – Litigation. The following language is added to Item 3:

Neither the franchisor nor a predecessor or a parent or affiliate who induces franchise sales by promising to back the franchisor financially or otherwise guarantees the franchisor's performance, or an affiliate who offers franchises under the franchisor's principal trademark, or any person identified in Item 2,

has pending against that person:

An administrative, criminal, or material civil action alleging a violation of a franchise, antitrust, or securities law, or alleging fraud, unfair or deceptive practices, or comparable allegations.

Civil actions, other than ordinary routine litigation incidental to the business, which are material in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

Was a party to any material civil action involving the franchise relationship in the last fiscal year.

has in the 10-year period immediately before the disclosure document's issuance date:

Been convicted of or pleaded nolo contendere to a felony charge.

Been held liable in a civil action involving an alleged violation of a franchise, antitrust, or securities law, or involving allegations of fraud, unfair or deceptive practices, or comparable allegations.

Neither the franchisor nor a predecessor or a parent or affiliate who guarantees the franchisor's performance, or an affiliate who has offered or sold franchises in any line of business within the last 10 years, or any other person identified in Item 2, is subject to a currently effective injunctive or restrictive order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise or to a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law.

Item 4 – Bankruptcy. The following language is added to Item 4:

Neither the franchisor nor any parent, predecessor, affiliate, officer, or general partner of the franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this disclosure document, has, during the 10-year period immediately before the date of this disclosure document:

Filed as debtor (or had filed against it) a petition under the United States Bankruptcy Code (“Bankruptcy Code”).

Obtained a discharge of its debts under the Bankruptcy Code.

Been a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition under the Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code while, or within one year after, the officer or general partner held the position in the company.

Item 5 -- Initial Fees. The following language is added to Item 5:

"The initial franchise fees shall be used by the Franchisor for its general purposes in the operation of its business."

Item 17 (d) – Termination by you. The following language is added to Item 17(d):

“The franchisee may terminate the agreement upon any grounds available by law.”

The franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of material fact.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF NORTH DAKOTA**

THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise offering circulars which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**ADDENDUM
TO THE FRANCHISE AGREEMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. The following language is added to Section 12.07(a) of the Franchise Agreement:

“Provided, however, that Franchisee is not required to consent to the jurisdiction of a court outside of North Dakota.”

2. Sections 12.07(b) and (c) of the Franchise Agreement are deleted.

3. The following language is added to Section 12.08 of the Franchise Agreement:

“Provided, however, that in the event there is conflict between the provisions of this section and the statute of limitation under North Dakota law, then North Dakota law will prevail.”

4. The following language is added to Section 15.01 of the Franchise Agreement:

“Provided, however, that in the event there is a conflict between California law and North Dakota Law, then North Dakota Law will prevail.”

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

DATED: _____

DATED: _____

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES, LLC, its sole member

(Company)

By: _____

By: _____

Title: _____

Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF RHODE ISLAND**

1. Item 17w. The following language is added to Item 17w:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

The provisions of this Addendum only apply if the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

Items 17g and h. The following is added to Items 17g and h:

"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 ground 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."

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

DATED: _____

DATED: _____

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES, LLC, its sole member

(Company)

By: _____

By: _____

Title: _____

Title: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF WASHINGTON**

The state of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, _____.

Franchisor: BHH Affiliates, LLC

By: Its sole member: HSF Affiliates LLC

Franchisee

**ADDENDUM TO FRANCHISE AGREEMENT
OF BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF WASHINGTON**

The state of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

DATED: _____

DATED: _____

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES LLC, its sole member

(Company)

By: _____

By: _____

By: _____

By: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135, Wisconsin Statutes, supersedes any provision of the Franchise Agreement, if such provisions are in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE AGREEMENT OF
BHH AFFILIATES, LLC
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

EXHIBIT J
GUARANTEE OF PERFORMANCE

Exhibit J

GUARANTEE OF PERFORMANCE

For value received, HSF Affiliates, LLC, a Delaware limited liability company (the "Guarantor"), located at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612, absolutely and unconditionally guarantees to assume the duties and obligations of BHH Affiliates, LLC, a Delaware limited liability company, located at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2017 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. This guarantee does not extend to third parties other than franchisees of Franchisor.

The Guarantor signs this guarantee at 18500 Von Karman Avenue, Irvine, CA 92612, on the 31st day of March, 2017.

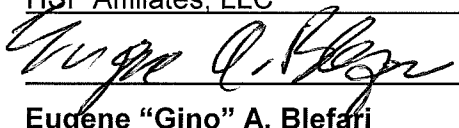
Guarantor: HSF Affiliates, LLC
By: 
Eugene "Gino" A. Blefari
Title: Chief Executive Officer

EXHIBIT K
STATEMENT OF PROSPECTIVE FRANCHISEE
(2 Versions)

STATEMENT OF PROSPECTIVE FRANCHISEE

A. The following dates are true and correct:

1. _____, 20____
(date) (initials)

The date on which the undersigned received a Franchise Disclosure Document from BHH Affiliates, LLC about a Berkshire Hathaway HomeServices franchise.

_____, 20____
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

_____, 20____
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

2. _____, 20____
(date) (initials)

The date on which the undersigned executed the Franchise Agreement.

3. _____, 20____
(date) (initials)

The earliest date on which the undersigned delivered cash, check, or other consideration to a BHH Affiliates, LLC representative.

B. Representations

1. No oral, written, or visual claim or representation, which contradicted the Franchise Disclosure Document or Franchise Agreement executed by the undersigned, was made to the undersigned, except:

_____ Initial: _____
(If none, the prospective franchisee shall write "none".)

2. The undersigned acknowledges that BHH Affiliates, LLC and the undersigned have not had any discussion regarding possible additional locations or opportunities to open additional locations:

Initial: _____

For Residents and Franchisees located in Maryland Only: 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 Registration and Disclosure Law.

The above is true and correct to the best of my knowledge.

Prospective Franchisee: _____

By: _____ Date: _____

Its: _____

By: _____ Date: _____

Its: _____

STATEMENT OF PROSPECTIVE FRANCHISEE

A. The following dates are true and correct:

1. _____, 20____
(date) (initials)

The date on which the undersigned received a Franchise Disclosure Document from BHH Affiliates, LLC about a Berkshire Hathaway HomeServices franchise.

_____, 20____
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

_____, 20____
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

2. _____, 20____
(date) (initials)

The date on which the undersigned executed the Franchise Agreement.

3. _____, 20____
(date) (initials)

The earliest date on which the undersigned delivered cash, check, or other consideration to a BHH Affiliates, LLC representative.

B. Representations

1. No oral, written, or visual claim or representation, which contradicted the Franchise Disclosure Document or Franchise Agreement executed by the undersigned, was made to the undersigned, except:

Initial: _____

(If none, the prospective franchisee shall write "none".)

2. At the first face-to-face meeting with a BHH Affiliates, LLC representative to discuss the possible purchase of a Berkshire Hathaway HomeServices franchise, the undersigned received, or had already received, a current Franchise Disclosure Document from BHH Affiliates, LLC:

Initial: _____

3. The undersigned acknowledges that BHH Affiliates, LLC and the undersigned have not had any discussion regarding possible additional locations or opportunities to open additional locations:

Initial: _____

For Residents and Franchisees located in Maryland Only: 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 Registration and Disclosure Law.

The above is true and correct to the best of my knowledge.

Prospective Franchisee: _____

By: _____ Date: _____

Its: _____

By: _____ Date: _____

Its: _____

RECEIPT

BERKSHIRE HATHAWAY HOMESERVICES DISCLOSURE DOCUMENT

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 Berkshire Hathaway HomeServices 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. New York and Rhode Island require 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. 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.

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

The franchisor is BHH Affiliates, LLC at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

The franchise seller(s) for this offering is/are: _____.

Berkshire Hathaway HomeServices authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a disclosure document dated **May 1, 2017** that included the following Exhibits:

| | |
|--|---|
| A. Franchise Agreement | H. State Laws Requiring Licensing of Real Estate Brokers and Agents |
| B. List of Current and Former Franchisees as of 12/31/2016 | I. State Addenda |
| C. Financial Statements | J. Guarantee of Performance |
| D. State Regulatory Authorities | K. Statement of Prospective Franchisee (2 forms) |
| E. Agents for Service of Process | |
| F. Proposed Forms of Promissory Notes | |
| G. Operations Manual Table of Contents | |

| | <u>PRINTED NAME</u> | <u>TITLE</u> | <u>SIGNATURE</u> | <u>DATE</u> |
|-----|---------------------|--------------|------------------|-------------|
| (1) | _____ | _____ | _____ | _____ |
| (2) | _____ | _____ | _____ | _____ |

COMPANY OR PARTNERSHIP NAME: _____

RETURN THIS RECEIPT TO: **BHH Affiliates, LLC**
18500 Von Karman Avenue, Suite 400
Irvine, California 92612

RECEIPT
BERKSHIRE HATHAWAY HOMESERVICES DISCLOSURE DOCUMENT

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 Berkshire Hathaway HomeServices 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. New York and Rhode Island require 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. 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.

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

The franchisor is BHH Affiliates, LLC at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

The franchise seller(s) for this offering is/are: _____.

Berkshire Hathaway HomeServices authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a disclosure document dated **May 1, 2017**, that included the following Exhibits:

| | |
|--|--|
| <ul style="list-style-type: none"> A. Franchise Agreement B. List of Current Franchisees as of 12/31/2016 C. Financial Statements D. State Regulatory Authorities E. Agents for Service of Process F. Proposed Forms of Promissory Notes G. Operations Manual Table of Contents | <ul style="list-style-type: none"> H. State Laws Requiring Licensing of Real Estate Brokers and Agents I. State Addenda J. Guarantee of Performance K. Statement of Prospective Franchisee (2 forms) |
|--|--|

| <u>PRINTED NAME</u> | <u>TITLE</u> | <u>SIGNATURE</u> | <u>DATE</u> |
|---------------------|--------------|------------------|-------------|
| (1) _____ | _____ | _____ | _____ |
| (2) _____ | _____ | _____ | _____ |

COMPANY OR PARTNERSHIP NAME: _____

PLEASE KEEP THIS RECEIPT FOR YOUR RECORDS.